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APR 29 1940

# BUSINESS WEEK

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A buoyant wheat market sets Minnesota and Dakota farmers to planting larger acreage.

# "WE'LL TAKE A CARLOAD ...OF LO-MAINTENANCE MOTORS!"

**Famous Manufacturer Chooses Lo-Maintenance Motors Because of Record-Breaking Performance. Here's the Story of How You Can Protect Your Production . . . with Allis-Chalmers . . . the Equipment that Pays for Itself!**

WHEN YOU BUY your motors by the carload — 346 of them of the same make—you've got to have **more** than just confidence in the company that builds those motors. You've got to have proof . . . definite proof . . . that those motors will give you **extra** years of continuous service at the lowest possible cost!

That's the kind of proof Warner Automotive Parts Division of Borg-Warner Corporation wanted when they went out to buy motors for their new plant at Auburn, Indiana. So they checked motor performance in their other plants . . . got facts and figures on how motors were operating.

## Here's What They Found!

They made one important discovery! In the part of their plant where conditions many times wrecked ordinary motors in short order . . . Allis-Chalmers Lo-Maintenance Motors had

*Another true case history from the Allis-Chalmers files that proves "IT PAYS TO BUY THE EQUIPMENT THAT PAYS FOR ITSELF!"*

run perfectly for years . . . without breaking down . . . without running up expensive repair bills!

That's why they came to Allis-Chalmers for that carload order . . . standardized on Lo-Maintenance Motors in their plant! And that's why Allis-Chalmers has become standard equipment in thousands of plants that want more than just a **rated** performance.

Remember, Allis-Chalmers has behind it over 90 years of progressively meeting the problems of industry . . . of helping to cut production costs . . .



**SOME OF THE 346 ALLIS-Chalmers Lo-Maintenance Motors installed in 1938 in the new Auburn, Indiana, plant of the Warner Automotive Parts Division of Borg-Warner Corporation. Equipped with Allis-Chalmers Texrope Drives for driving gear-making machines, they are in almost continuous operation . . . do not break down even when cutting tool stalls or overloads them.**

making workers jobs easier, safer!

By all means investigate Allis-Chalmers industrial equipment! See in how many ways this equipment can help you save money in your plant! Call the nearest district office . . . or write Allis-Chalmers, Milwaukee, Wis.

A 1188-A

## PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



# ALLIS-CHALMERS

MILWAUKEE • WISCONSIN

# SEE HOW MUCH MORE CAR LOW PRICE NOW BUYS!

MAKE THIS REVEALING "TWO-WAY" COMPARISON OF THE LUXURY AND QUALITY YOU GET IN "ALL THREE" LOW-PRICED CARS!



1. SEE THE QUALITY CHART FOR FACTS



2. TAKE THE LUXURY RIDE FOR PROOF

**1** See the 1940 Quality Chart...you get a clear picture of the size, comfort, and all-around value in "All 3." Of 22 big features found in high-priced cars:

*Plymouth has 21...  
Car '2' has 11...Car '3' has 8*

**2** To satisfy yourself still further—take the 1940 Plymouth out on the road and discover the sheer enjoyment of its great Luxury Ride.



Look beyond Plymouth's brilliant styling—realize its size, comfort, and engineering. You'll find it's the only one of "All Three" low-priced cars that gives you a majority of the 22 important features found in high-priced cars!

See the 1940 Quality Chart at

your Plymouth dealer's. And for further confirmation of Plymouth's finer quality, take the delightful Luxury Ride. Plymouth Division of Chrysler Corporation.

Major Bowes, C.B.S., Thurs., 9-10 p.m., E.S.T.  
SEE THE NEW LOW-PRICED  
PLYMOUTH COMMERCIAL CARS!



## PLYMOUTH BUILDS GREAT CARS



# TOWER Pneumatic Hose



-HOLDS THE AIR LONGER

● It's a long program when you put Republic's Tower Pneumatic Hose on the job—provides long service life in all kinds of heavy-duty pneumatic tool work. Tower is built with the characteristic brown cover that has become famous for showing no signs of punishment, three plies of multiple-braided cords and a highly oil-resistant, non-flaking tube . . . for efficient operation under heavy compressor pulsations and to withstand abuses such as excess abrasion, crushing, presence of oil and harsh weather conditions. This type of rugged construction, without impaired flexibility, makes Tower a valuable piece of equipment in every sense. Its longer performance means minimum cost. Your Republic Distributor is a reliable source of information on this and other Republic Hose. REPUBLIC RUBBER DIVISION OF LEE RUBBER AND TIRE CORP., YOUNGSTOWN, O.

## REPUBLIC

HOSE • BELTING • PACKING • MOLDED PRODUCTS

## RUBBER



## THIS BUSINESS WEEK



### BUSINESS WEEK



The crop prospect in the winter wheat belt this year is the poorest but one in the last 15 years. That situation, and the war, sent wheat up to \$1.13 in the Chicago market this week—in comparison to the 64¢ price that prevailed just before the war, last August. The whopping price rise has naturally spurred on spring wheat farmers to sow more wheat so that (they hope) they can sell it at \$1 in the fall. The farmer on this week's cover is one of them—and there are plenty.

### Besides

ABOUT CURRENT DEVELOPMENTS in the government's antitrust program, and why future developments depend on the Supreme Court decisions in the Madison oil and Apex hosiery cases—page 15 . . . National Refugee Service, Inc. makes a survey of new business enterprises started in the U.S. by European refugees, and reviews its own efforts to settle 20,000 people a year in America—page 18 . . . The Coca-Cola Co. issues its 1939 annual report, and announces earnings of \$29,030,074. How they get that way—with a side-glance at Coca-Cola's biggest rival, Pepsi-Cola—page 35 . . . Sears, Roebuck weighs the advantages of the various constant wage plans it has been using in its retail stores and mail order houses, and settles on one standard plan for all future extensions—page 26 . . . How the 40 Largest Railroads Fared in 1939—a full page of tables and charts—page 24.

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A McGRAW-HILL



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# FAMOUS OLD "SOFTY" HAS GOTTEN TOUGH

"Mr. Thirsty Fibre" drinks up  
water rapidly as ever . . . yet  
is amazingly stronger in use



and softness is a Scott "Duralose"  
new "Soft-Tuff" ScotTissue  
pletely, making possible  
satisfactions.

CHESTER, PA., Feb. 1—  
Engineers of the Scott Paper  
Company today announced  
the development of a  
tissue towel to be

use of  
has

which em-  
strength  
normal use, one  
to dry com-  
as well as increased

TRADE MARK

## Remarkable strength . . . even when saturated in new Soft-Tuff ScotTissue Towels

UNDER drying conditions, the new "Soft-Tuff" ScotTissue Towel is remarkably *tougher*, yet none of the famed *softness*, none of the patented "S-T-R-E-T-C-H," secured by the Scott "SOFT-WEVE" Process, has been lost. There is a perfect *balance* of softness, strength and absorbency.

As s-t-r-e-t-c-h-y, and softer than before, the new "Soft-Tuff" ScotTissue Towel has far greater *drying ability*. Every one of its 154 square inches can be used *up to saturation*. That's why they go farther. In economy tests, the new "Soft-Tuff" ScotTissue Towel has materially reduced previous ScotTissue Towel consumption.

The new "Soft-Tuff" ScotTissue

Towel—a Scott *Duralose* Product—is now available from over 300 Scott distributors and many representatives from coast to coast. They will be glad to demonstrate to you the increased satisfactions and savings of this amazing tissue towel.

Call your local Scott distributor today, or write direct for samples. Scott Paper Co., Chester, Pa.

**SCOTT WASHROOM ADVISORY SERVICE** can help you arrange washrooms comfortably, hygienically and economically. It will suggest how to improve traffic conditions, reduce waste, increase employee and customer good will. Write for details. No obligation!

Copr., 1940, Scott Paper Co. Trade Marks "ScotTissue," "Soft-Weve," "Thirsty Fibre" Reg. U.S. Pat. Off. Trade Marks "Soft-Tuff," "Duralose" Registration applied for.

## HOW THE NEW "SOFT-TUFF" SCOTTISSUE TOWEL HELPS ELIMINATE:

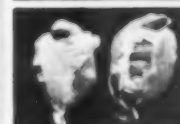
### LINT

Soft as it is, the new "Soft-Tuff" ScotTissue Towel is designed to practically eliminate lint being left on skin or clothes.



### TEAR

Try this "Rub Test." Soak an old-type ScotTissue Towel and a new "Soft-Tuff" ScotTissue Towel in water. Rub together as shown here. See how sturdy the new towel is . . . how it resists tearing when saturated.



### WASTE

One "Soft-Tuff" ScotTissue Towel can dry thoroughly. This amazing towel can be used up to saturation. That's why it is so economical.



# Patapar?

## NEVER HEARD OF IT!



What? Never heard of it? Why right now you're probably depending on it at home. It's likely to be bringing butter, cheese, meat or fresh vegetables to your kitchen in an inconspicuous but effective way. It looks like paper—BUT Patapar doesn't go to pieces when wet! It resists grease! It is made for adverse conditions! At the same time it has a beautiful surface for the printing of labels in color.

Does the fact that you are probably depending on Patapar at home suggest that you might also depend on it in your business? Scientific and medical laboratories are using it in countless ways. Cannermen, shippers, florists—a great variety of users find that the unique characteristics of Patapar are just what they are looking for!

If you have a hunch that Patapar could be helpful to you, write us and we'll send samples and full information. Patapar comes in sheets or rolls. As its finish and weight varies for different purposes, be sure to tell us the use you have in mind.



# Patapar

Reg. U. S. Pat. Off. & For. Countries

# Vegetable Parchment

**Paterson Parchment Paper Company**

Bristol, Pennsylvania

West Coast Plant: 340 Bryant St., San Francisco

Branch Offices: New York, Chicago

Headquarters for

Genuine Vegetable Parchment since 1885

## NEW BUSINESS

### Daylight Saving

IN SETTING AHEAD its New York clocks one hour this week, the overseas staff of the American Telephone and Telegraph Co. has caught up with the world's time for the summer. At A. T. & T. headquarters in New York are clocks for the time in eight foreign cities. Because of the war, London and Paris went over to daylight saving in February. Then Buenos Aires changed from daylight time to standard—so now Eastern Daylight Savings Time is the same as Argentine time. The Honolulu clock, which is five and one-half hours behind the New York clock, sometimes measures yesterday's time, while the Tokyo and Sydney timepieces may be working on tomorrow.

### Coast Wool Auctions

BEGINNING IN JUNE, wool auctions similar to the famous but war-hampered Australian and New Zealand auctions will be held for the first time on the Pacific Coast. California-Nevada Wool Sales, subsidiary of Pacific Wool Growers, has set up offices in Stockton, Calif., and Portland, Ore. Wool will be stored in shipside warehouses, appraised, tagged, and sold by lot to the highest bidder.

### Transport

FOR THE LAST 30 DAYS some Chicago shippers have been testing trucks vs. Railway Express for speed of delivery to 42 towns. Under 250 miles, trucks had a slight advantage; in the 250- to 350-mile range, they lost by a narrow margin; above 350 miles, the express agency made a clean sweep.

The Italian inventor of a shrimp-sized automobile claims that if his car, which gets 165 miles to a gallon, runs out of gas, it can travel for seven hours on an emergency battery. And if worst comes to worst, it has foot pedals.

### Our Times

SPRING may be rushing northward, but the First National Bank in Palm Beach did not record its peak in deposits (an all-time high of more than \$14,000,000) until April 10—first time in the bank's history that the yearly maximum has not been reached by March.

The Baltimore & Ohio has been providing special menus for youngsters in its dining cars since the beginning of this month. Advertised are the Engineer's Special, a 25¢ breakfast, the Flagman's Signal, a 40¢ dinner, and the Conductor's Fare, a 35¢ supper. A la carte possibilities are billed under the heading, Stewardess' Delight.

California is angling for a plant to manufacture cigarette paper from apple tree prunings. Tests recently completed

by the California Waste Utilization Commission are said to indicate a superior paper can be made from the prunings to sell at a good competitive price.

Massachusetts, one of 16 states which spend individually \$100,000 or more a year on advertising, has just issued a promotional summary of the Bay State's industrial advantages. Culled from U. S. Bureau of the Census statistics is the fact that Massachusetts gained more new firms between 1935 and 1937 than any other state east of the Rockies. Publicity agency for the state is the Development and Industrial Commission.

### New Florida Streamliners?

PET PEEVE of Florida-bound Middle Westerners is slow railroad time. The 1,400 miles between Chicago and Miami consume 31 hours, which is too long for even frugal vacationers to sit up in day-coaches. Hence, countless thousands drive both ways. Four roads originate Florida trains at Chicago, each uses several other lines en route. The dozen-plus roads involved are now discussing behind locked doors the possibilities of streamliner service to start next November, with lightweight car and diesel-electric locomotive builders reported sitting in. Because the rails already have the bulk of the vacationers who will pay first-class fares plus Pullman, the new streamliners may be all-coach, similar to those which hit the jackpot this winter on the New York to Florida run. Best guess on trains and schedules: one new train for each originating road, staggered to provide one daily departure. Running time will probably be 26 hours.

### The Check Says It

TO EVERY CHECK it pays out, the Missouri Ice Manufacturers' Association affixes a sticker which reads in part as follows: "This payment is made possible by the consumption of ICE." Other state ice associations have taken up the idea and it is estimated that over 75,000 ice industry checks have been so labeled in the last year.

### Legislatures Sit

DEMOCRACY is actively functioning—in the form of legislatures actually in session—in four states: Mississippi, New Jersey, Rhode Island, and South Carolina. The Kentucky, New York, and Virginia legislatures have adjourned regular sessions; the Alabama legislature is recessed until June 25. Louisiana and Nebraska have had brief special sessions; Illinois will meet in special session late this month. On May 13, Louisiana will meet in regular session and California will reconvene a special session called earlier this year.

# WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)

—Roosevelt wants Burt Wheeler to take the vice-presidential nomination, but won't tell the Senator who will head the ticket. Wheeler is polite, promises nothing. Privately he says "No." Mrs. Wheeler says "No" much louder. Significance lies not in Wheeler's decision but in the fact that the White House seems to be losing confidence in the vote-getting ability of Bob Jackson, frequently mentioned as a running-mate for Cordell Hull. It adds up that Jackson is too weak, Farley brings in the religious hurdle, and nobody else seems to satisfy the White House.

The big point, if Roosevelt doesn't go third-term, is that Hull is elderly and fragile; hence, the choice of vice-president is very important. Wheeler is a liberal—used to be called a Communist by the Tories before the court-packing fight. Aside from this one "error," most New Dealers think he'd be all right.

★*Sidelight:* A shrewd Republican friend of Wheeler, just back from his native Indiana, is offering to bet friends of the Senate three to one that the Republicans will win the election over anybody but Roosevelt, even money that they will beat the Chief himself if he runs.

## Farmers and Allies

FARM PRESSURE for credits to the Allies for the purchase of cotton and other crops will come when this year's crops begin to reach market and the screws put on by the Allies really begin to hurt. The British won't embargo cotton because of the yelp that resulted when they cut off tobacco, but the pressure for credits has already started in the cutting down of shipments from 100,000 to 50,000 bales a month.

Threats by the Allies that they can't continue to pay cash for farm commodities plague the Department of Agriculture. Worried officials think they see a legal loophole which would permit the RFC, Export-Import Bank, and Commodity Credit Corp. to extend credits. They point to the failure of the House to adopt the Wolcott amendment to the Neutrality Act which would have specifically prohibited the government's corporate agencies from making loans to belligerents. Keep-out-of-war politics bars resort to legal dodges now but a political loophole will be sought just as soon as the elections are over.

## Crop Parity Hits Snag

HOUSE-SENATE conferees on the Department of Agriculture appropriation bill have run into a snag which threatens to influence House action on the Senate amendment to appropriate \$212,000,000 for "parity" payments on 1941 crops.

Heretofore, "parity" payments have been provided for major crops when prices were less than 75% of parity. Wheat is above that figure. Congressional spokesmen for wheat growers are insisting the fund be distributed without regard to the percentage of parity represented by price; otherwise, cotton and corn would receive the lion's share of the money.

Strong opposition is developing to the Roosevelt "feeler" on dropping the appropriation and substituting authority to negotiate contracts with farmers to pay parity, for which an appropriation would be made a year hence.

## A Dun for the Agencies

OBVIOUSLY it is political dynamite to cut federal expenditures, raise the debt limit,

or increase taxes in the Presidential year. Yet the Treasury is within \$2,400,000,000 of its legal debt limit of \$45,000,000,000, and that creates quite a problem.

President Roosevelt foresaw this when, in his budget message, he talked of the Treasury moving to recover its capital advances to lending agencies to the extent that such capital is idle. Hence, it was no surprise this week when the President sent a letter to Vice-President Garner outlining plans for picking up about \$700,000,000 by this means, the money to go back into the general fund.

Senator Byrd at once jumped on the plan as "juggling merely to evade the debt limit." For this the New Dealers had the pat reply that the original capital contributions to the lending agencies had to be raised by borrowing, and the borrowing helped push the public debt up to its present all-time high.

## Exempt by Percentage

TO CLEAR UP confusion, the Wage-Hour Administration now defines an exempt retail business as one which receives at least 50% of its income from retail sales. ★*Tipoff:* The Administration will try applying the percentage formula to the definition of other exempt classes of workers—administrative, executive, and outside salesmen. Example: A man who sells and delivers his goods on the spot will be classed as an exempt outside salesman if at least 50% of his work consists of sales activity.

## Anti-Picketing Laws Go

DELIVERING HIS MAIDEN DECISION, Justice Murphy held for the Supreme Court (only McReynolds dissenting) that Alabama and California anti-picketing laws were unconstitutional. The Court's opinion was based on the Fourteenth Amendment, interpreted as guaranteeing labor the right to educate the public through maintaining a picket line. The ordinances before the court were judged too "sweeping" in their prohibitions. The Alabama statute voided by the Court was a 1928 law, and the California measure had been passed in 1934 at the behest of the Associated Farmers, who were anxious to halt Harry Bridges' "March inland."

★*Significance:* The decision makes questionable the constitutionality of the host of anti-picketing laws passed by state legislatures in 1938. It is particularly important to Oregon, where labor is now attacking such a law before the State Supreme Court.

## Food Package Seizure

SHORT-WEIGHTING of packaged food products is serious business, according to the Food and Drug Administration. Just how

## Is This the Face?



MAYBE THIS FACE never "launched a thousand ships," but Wilhelm Munthe de Morgenstierne, Norwegian minister to the United States, has had to take on the job of launching Norse ships on new routes. One of Norway's worries has been that orders apparently from ship owners or government sources might be given under duress. Her main concern is to keep ships from falling into the hands of Germany, and to keep them away from any neutral port which might be useful to the Nazis. Norwegian diplomats, who have had no previous training in trouble with other nations, got some relief this week when a working agreement on the use of Norway's merchant fleet was apparently reached between Norwegian shipping representatives and British maritime officials (page 62).



# HEARST TOWER GETS CONTROLLED HEATING AT MINIMUM EXPENSE

Baltimore Office Building Uses  
Webster Moderator System to  
Insure Tenant Comfort

MEETS VARIED HEATING NEEDS

Heating Plant Is Discontinued  
as Hearst Tower Changes to  
District Steam Service

DELIVERS RIGHT AMOUNT HEAT

Baltimore, Md.—Because good heating is one of the principal factors in keeping a building filled with satisfied, regular paying tenants, the Webster Heating Modernization Program carried out in the Hearst Tower Building in 1937 was an investment in tenant comfort.

"Now we get heat when we want it, where we want it," says J. A. Zimmerman, Building Manager.

"The delivery of steam to each radiator is adjusted automatically so as to assure comfort under the prevailing outdoor weather conditions. As a result of the improved steam distribution, heating costs have been reduced to a minimum."

There is one set of Webster Central Controls for the tower section and another for the remainder of the building. The controllability of the Webster Moderator System has entirely eliminated tenant complaints.

One feature of the modernization was the discontinuance of private heating plant operation and change to district steam service.

The modernization program included installation of 63 Webster Drip Traps and Dirt Strainers. There is a total of 13,700 square feet of installed direct radiation in the Hearst Tower Building.



Hearst Tower Building,  
Baltimore, Md.



## LOW HEATING COST

GET THIS BOOK . . . Read the fact stories about economy and comfort in the heating of 144 buildings. No exaggerated claims. No promises. Just 64 pages of heating results. Ask for "Performance Facts."

WARREN WEBSTER & CO., Camden, N. J.  
Pioneers of the Vacuum System of Steam Heating  
Representatives in 65 principal U. S. Cities—Est. 1888

serious is shown by its drastic action invoking this week, for the first time in connection with food, the much-feared multiple-seizure provision of the new Food and Drug Law. Shipments of peanut butter were seized in Atlanta on FDA's claim that they were less than the declared weight.

## War Affects Vitamins

IN ADDITION to its strategic and diplomatic significance, Iceland's action in disassociating herself from Denmark's involvement in the war is important for commercial reasons. The countries (including Iceland) supplying U.S. with 90% of its cod liver oil now are in belligerent territory. Iceland's move, however, assures the U.S. of 30% of its needs.

Although the problem is one for the future, experts look hopefully to fuller development of Newfoundland and Japan as alternate sources of supplies. A recent U.S. Pharmacopoeia supplement fortunately provides for standardized Vitamin A and D preparations from other fish liver oils which may replace cod liver oil and lead to the development of a South American supply source.

## Food vs. Drug

UP IN ARMS over the Food and Drug Administration's proposed regulations for the labeling of vitamin and mineral products, the pharmaceutical industry has served notice that the issue will end up in the courts if FDA insists on classifying vitamin concentrates in the food category.

This is part of a larger fight between the nutritionists and medical scientists—between the food and drug industries—over control of the distribution of vitamin products.

★ Possible result: Revision of the proposed regulations before put to a hearing.

## FTC Eye on Liquor

WITH GOVERNMENT BUREAUS scrambling for the powers snatched from Federal Alcohol Administration by the third reorganization plan, the Federal Trade Commission has a good chance of snaring the highly-prized jurisdiction over liquor trade practices. FTC is interested in package dealers' requests that it strike at "excessive discounts," source of most of the trade's friction, by invoking the Robinson-Patman Act.

★ Axiom: Liquor outlets don't pocket the discounts suppliers give them for large orders. Instead they cut prices, above or below the counter, and smaller dealers are forced to follow. FTC thinks it can embrace liquor without much of a squawk from the Treasury Department, to which Roosevelt assigned FAA's functions. Some Treasury officials concerned with tax collecting and distillery inspection favor keeping hands off controversial trade matters.

## Logan Bill Chances

DON'T TAKE the overwhelming House vote as assuring final enactment of the Logan-Walter bill to put SEC, NLRB, and other government administrative agencies under tight procedural rules. What little chance it has got hangs on team-work between House supporters of the bill and Senate supporters of the Hatch "clean politics" bill, which is threatened with slow death in the House. By this deal House Loganites will try to kick the Hatch bill loose from the antagonistic Judiciary Committee. Senate Hatchites will try to force a vote on the Logan bill. The Logan bill may pick up a few added votes by Senators who argue that if F. D. R. thinks this legislation is so poisonous, let him veto it.

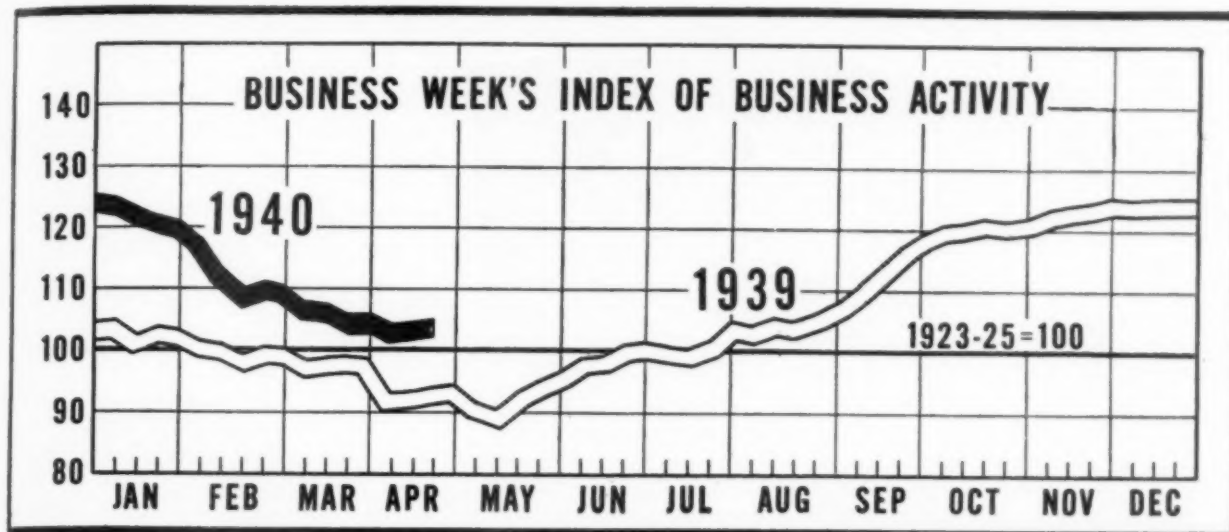
## Stamps for New York

PUTTING the food-stamp plan into New York City is a big order but the Department of Agriculture won't be able to dodge it long. Preliminary discussion points to limiting eligibility (at the start at least) to families receiving direct relief rather than including the vast number receiving some form of public aid. The cotton stamp plan, by which relief families will get \$2 in trade for every dollar spent for cotton goods, will get going in Memphis May 1. Two or three cities in other sections of the country will be added soon. After that, expansion will be slow, as officials are skittish of a deep plunge into a plan which, because of the processing cost involved, returns very little to the farmer.

## P. S.

ELMER ANDREWS, former Wage-Hour Administrator, now employed by Dun & Bradstreet, is working up an actuarially sound pension plan for employees. Purpose is to revive the proposal that employers adopting an acceptable voluntary system be relieved of payroll taxes . . . THE COOPERATIVE gas station here, which is erecting a new building, in using labor furnished by C.I.O.'s Construction Workers' Organizing Committee . . . THE FEDERAL Trade Commission rules that the length of macaroni or spaghetti is in no way indicative of its quality. . . . NEWSPAPER CORRESPONDENTS had to dig up 3¢ postage due on the announcement from Vandenberg headquarters in Grand Rapids that next week would bring a message regarding his candidacy. . . . OPPONENTS have been given carte blanche to talk the Patman chain-store tax bill to death by the decision of the House subcommittee to go ahead with the 180 witnesses still to be heard, which will take the hearings to the end of the session.

## THE FIGURES OF THE WEEK



## THE INDEX.....

Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*105.2	104.8	105.8	121.9	94.3

## PRODUCTION

Steel Ingot Operations (% of capacity).....	60.0	60.9	60.7	90.2	48.6
Automobile Production.....	103,725	1101,940	103,395	70,114	90,280
Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$8,826	\$8,545	\$7,493	\$10,655	\$10,031
Electric Power Output (million kilowatt-hours).....	2,422	2,418	2,424	2,494	2,199
Crude Oil (daily average, 1,000 bbls.).....	3,859	3,854	3,871	3,772	3,527
Bituminous Coal (daily average, 1,000 tons).....	1,283	11,382	1,409	1,738	318

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	69	69	67	83	67
All Other Carloadings (daily average, 1,000 cars).....	34	34	36	58	24
Check Payments (outside N. Y. City, millions).....	\$4,622	\$3,903	\$4,787	\$4,493	\$4,091
Money in Circulation (Wednesday series, millions).....	\$7,536	\$7,509	\$7,484	\$7,330	\$6,858
Department Store Sales (change from same week of preceding year).....	+5%	-5%	+6%	+9%	-20%

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	163.2	160.1	156.8	166.7	138.9
Iron and Steel Composite (Steel, ton).....	\$36.56	\$36.56	\$36.84	\$37.56	\$36.29
Scrap Steel Composite (Iron Age, ton).....	\$16.13	\$16.08	\$16.29	\$20.88	\$14.33
Copper (electrolytic, Connecticut Valley, lb.).....	11.296¢	11.500¢	11.250¢	12.500¢	10.083¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.08	\$1.04	\$1.03	\$0.83	\$0.69
Sugar (raw, delivered New York, lb.).....	2.89¢	2.88¢	2.82¢	3.30¢	2.94¢
Cotton (middling 1/8", ten designated markets, lb.).....	10.50¢	10.46¢	10.28¢	8.90¢	8.62¢
Wool Tops (New York, lb.).....	\$1.013	\$1.020	\$0.998	\$1.180	\$0.836
Rubber (ribbed smoked sheets, New York, lb.).....	19.61¢	19.07¢	18.40¢	20.69¢	15.77¢

## FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.58%	5.55%	5.57%	5.64%	5.81%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.27%	2.24%	2.24%	2.55%	2.29%
U. S. Treasury 3-to-5 year Note Yield.....	0.48%	0.45%	0.43%	0.70%	0.50%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1/2-3/4%	1/2-3/4%	1/2-3/4%	1/2-3/4%	1/2-3/4%
Business Failures (Dun & Bradstreet, number).....	262	344	253	277	316

## BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	19,655	19,465	19,251	18,567	16,619
Total Loans and Investments, reporting member banks.....	23,589	23,466	23,398	22,563	21,808
Commercial and Agricultural Loans, reporting member banks.....	4,430	4,393	4,379	4,286	3,858
Securities Loans, reporting member banks.....	1,093	1,104	1,101	1,040	1,227
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	11,408	11,317	11,310	10,798	10,303
Other Securities Held, reporting member banks.....	3,528	3,518	3,482	3,342	3,381
Excess Reserves, all member banks (Wednesday series).....	6,050	5,950	5,594	5,509	3,998
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,514	2,500	2,520	2,817	2,891

## STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	117.6	119.1	117.4	126.8	105.8
20 Railroads, Price Index (Standard Statistics).....	30.8	31.1	30.6	35.4	25.6
20 Utilities, Price Index (Standard Statistics).....	67.7	68.9	67.9	69.7	62.5
90 Stocks, Price Index (Standard Statistics).....	96.2	97.5	96.1	103.5	86.4
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	1,033	1,069	751	1,148	451

\* Preliminary, week ended April 20th. † Revised. ‡ Date for "Latest Week" on each series on request.

# Your voice ... with CARE



*When you send your  
voice by telephone, it  
arrives in perfect shape*



Back of the good service which your Bell Telephone Company gives you is the equipment you use. This is Western Electric's responsibility, as it has been for nearly sixty years.

It is a many-sided activity which calls for experience in management, extensive resources in manufacturing, purchasing and distributing, a large staff of engineers

and technicians and thousands of skilled men and women trained in the making of no less than 43,000 items of telephone apparatus.

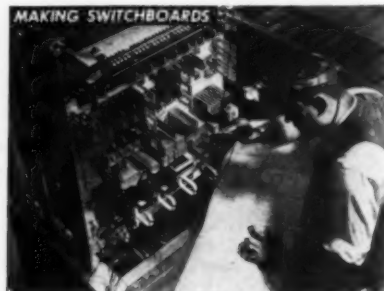
Thus Western Electric helps your telephone company to handle "Your Voice with Care" and to provide a service which is the best and most economical in the world.



MAKING TOOLS TO MAKE TELEPHONES



MAKING TELEPHONES



MAKING SWITCHBOARDS

## Western Electric

... made your  
BELL TELEPHONE



April 27, 1940

## THE BUSINESS OUTLOOK

**Recession appears to have reached its "logical stopping place," and trend from current index level of 105 is more likely to be up than down. Keep an eye on commodity prices for day-to-day guidance.**

FOR FIVE WEEKS NOW, the BUSINESS WEEK Index has held within a one-point range on either side of 105. On March 23, the Index registered 105.8; by April 6 it had receded to 104.3; and now it is up to 105.2. Thus the evidence accumulates that the recession which started in December has about run its course. Apparently the prediction that 105 would be "a logical stopping place for the decline" (*BW—Dec 23 '39, p13*) has been justified.

### Upturn in May?

Yet, no immediate about-face is to be expected. As conditions are now, business is down 16.5% from its December high of 125.7. And normally after so sharp a drop, a period of eight to twelve weeks of stabilization or flattening out is to be expected, unless some exceptionally sharp and unexpected shock comes along. Possibly during May, as in 1939, there will be more definite suggestions of an upturn.

Currently, the most encouraging indication of underlying industrial strength comes from the commodity markets. Ever since the German march into Scandinavia commodity prices have been in an upward trend. There have been breaks, of course. Copper, in recent dealings, has been weak; it has dropped back from 11½¢ to 11¼¢. And domestic buyers show no urgent inclinations to lay in inventories. Should this hesitancy persist, production may have to be curtailed if above-ground stocks are not to become unwieldy.

### Spreading Farm Buying

Copper, however, is the exception rather than the rule. Of especial significance, moreover, is the advance in agricultural prices. Since January, farm products had been in a downtrend. And hogs, selling at less than \$5 a hundred-weight, were at their post-depression lows. But when Danish supplies of bacon were cut off from England, hogs began going places marketwise (page 57). The price this week got well above \$6.50—and that means substantially better buying power in such a key agricultural section as Iowa, and to a lesser extent in Nebraska and Kansas (Regional Outlook, page 14).

This advance in agricultural commodities is of fundamental economic importance. It is often forgotten that during the World War the rise in farm prices was one of the chief reasons for the general expansion in business. Usually, we think of war in its more dramatic business implications: Increased foreign demand for armaments means increased employment of American workmen. But a rise in farm prices also tends to create employment.

### Industrial Implications

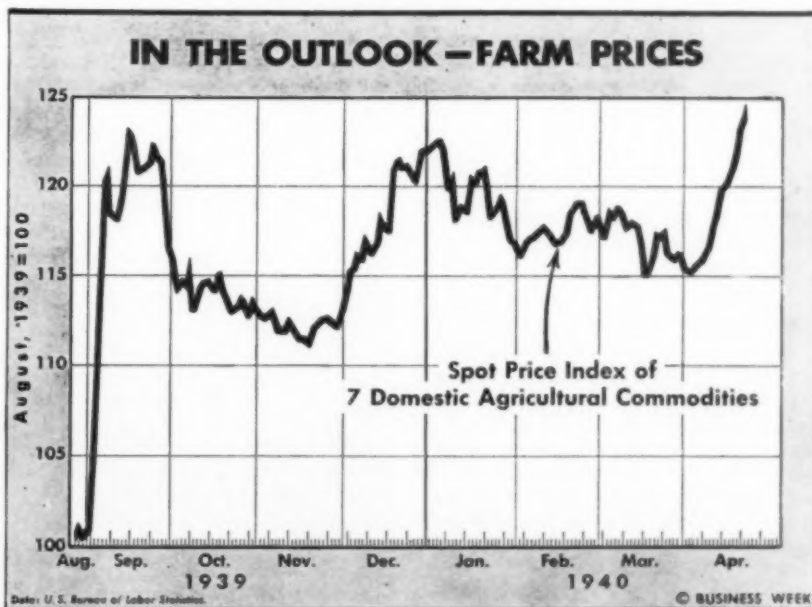
Last year's cash farm income, including benefit payments, amounted to approximately \$8,500,000,000. This year, cash receipts probably will reach \$9,000,000,000 at the very least. That indicated gain of 6% is rich in industrial implications. It is characteristic of farmers to

spend when the money rolls in. Indeed, agricultural implement sales are already running 15% ahead of last year. And continued strength in farm prices not only would encourage increased acreage and mechanization, but also would result in expansion of rural buying of all types of goods—non-durable as well as durable—over 1939.

### Autos and Building

Things are also looking better on other fronts than agriculture. Automobile production expanded again last week, against a downward seasonal tendency. Sales of new cars have been holding up unusually well and, though dealer stocks are by no means light, the willingness of manufacturers to keep up production schedules is somewhat reassuring. Building, too, continues to expand. For the first time, residential contracts awarded this year are running ahead of 1939, and factory and commercial building is still in an uptrend. (Public works construction, however, continues to lag.)

Thus, one side of the business picture



Germany's invasion of Scandinavia provided the impetus needed to lift farm prices out of an intermittent three-month decline (from January through March). Indeed, the impetus was strong enough to lift prices, as the chart shows, to a new high since the war. Business implications:

(1) Farm income prospects for the current year are substantially improved and (2), as a corollary, sales in agricultural areas of both durable (automobiles, implements, refrigerators, etc.) and non-durable (clothing, linens, etc.) goods ought to record nice gains over 1939.

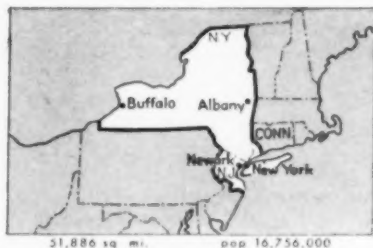
shapes up rather bullishly: Automobile production, farm prospects, and the trend of commodity prices generally are definitely favorable, and the building outlook is becoming more favorable—particularly with warmer weather encouraging to construction. On the other side, there are more or less negative factors: (a) The steel rate has been

barely holding around 60% and the recent price cut (*BW—Apr 20 '40, p. 15*) aroused no real buying enthusiasm; (b) textile operations also are hovering around recent low levels, despite an upturn in orders; (c) the stock market blows intermittently hot and cold.

But these last indicators—steel, textiles, the stock market—are negative,

rather than absolutely bearish, whereas farm, auto and building reports suggest an upward tendency. So it seems reasonable to conclude that when the turn comes—from the current level of around 105 in the Index—it is more likely to be up than to be down. But for day-to-day guidance, the indicator to watch is commodity prices.

## The Regional Business Outlook



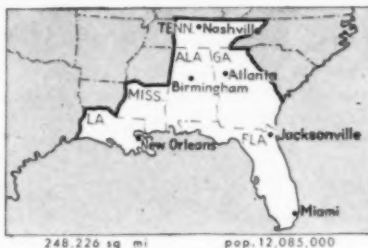
**NEW YORK**—The decline in manufacturing in this Reserve district is coming to an end, but commercial activity continues in the doldrums—primarily because of the long winter and the cold spring. Wholesale inquiries and orders spurted when prices advanced on the news of the German invasion of Scandinavia. But this week demand quieted down.

Manufacturers of spring lines now feel that they have missed their market. Little time is left for merchandising men's and women's coats, with retail merchants throughout the country laying in summer stocks for May showings. Buying of summer lines, however, has been only tentative—and goods won't move in volume until the weather warms up.

### Gains in Buffalo, Syracuse

In upstate New York, payrolls in the metal and machinery trades shrank in March, but this month there were signs of stabilization. The Buffalo steel rate has now held for a month in the 40% to 50% range, and steadiness in machine tool and auto supply manufacture have helped to cushion the drop in Syracuse. Largest first-quarter payroll gains over 1939 were registered in those two cities—21% and 25% respectively. The recession in shoe and finished textile output also seems to be ending.

New York harbor, which handles one-fifth of the country's seagoing foreign trade, is buzzing with an activity reminiscent of '29, as a result of war demands for American machinery and raw materials. Accordingly, sentiment among warehousemen, longshoremen, and shippers has improved—along with payrolls.



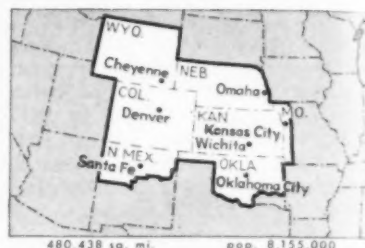
**ATLANTA**—The turn has come in this Reserve district. Alabama steel operations are up from a low of 77% to 83% of capacity (as against the national rate of 60%); cotton textile mill production is stabilizing under the impetus of gray goods buying in New York (*BW—Apr 20 '40, p. 14*), and the kraft paper industry is now assured of capacity output with Scandinavian shipments cut off.

### Power, Steel, Aircraft Plants

Industrial expansion continues to be a powerful stimulant (*BW—Mar 23 '40, p. 14*). Construction has begun on electric power plants at Macon, Ga., and Mobile, Ala.; another is projected for Nashville, Tenn. An aircraft factory is planned either at Mobile or at Biloxi, Miss.; another at Orlando, Fla. U. S. Steel is adding to its Alabama plants; a Buna synthetic rubber mill is going up at Baton Rouge, La., a rayon mill at Elizabethton, Tenn., and a \$6,000,000 newsprint plant is contemplated for Chattanooga, Tenn.

As the major distribution center of the district, Atlanta has benefited. Business gains over 1939—in trade, in construction, in new manufacturing—are sharper than elsewhere. Payrolls in its shirt, furniture, mattress, shoe and other manufacturing plants tend to be relatively more stable than with semi-finished product industries in the southeast. Result: retail sales are up more than average.

The weather has set back agriculture. Planting of major crops has been held up, and the mid-April freeze damaged and retarded truck, fruit, and vegetable crops in Alabama, Georgia, Mississippi, and Tennessee.



**KANSAS CITY**—The rise in farm prices—result of the German invasion of Scandinavia—has imparted a much-needed lift to sentiment. Immediate cash receipts have been augmented by heavy sales of wheat withdrawn from government seal as farmers rushed to take their profits before the loan maturity date on April 30. (The price is currently one-quarter higher than it was during the marketing season last year.)

More important for the longer term are the advances in beef, pork, eggs, and butter. Livestock products provide more than 50% of the total farm income here; larger exports (page 57), now that Great Britain has been cut off from Danish supplies, may help to offset losses on the winter wheat crop.

### Wheat Income Down

Despite recent rains, only about half the wheat planted in the fall is expected to come through. Government returns on crop insurance and substitute crops—corn, oats, sorghums—planted on plowed-under wheat land will offer some compensation but, even so, spendable cash income from this source is apt to be off about 5% from last year.

Retail trade, as well as crops, has been held back by recent cold. As a result, merchants have been cautious on inventories. Higher farm prices, however, "loosened things up."

Though income prospects are up considerably from what they were several months ago—because of the price rise—this cannot very well be set down as one of the more prosperous marketing areas. Several bad drought years have sapped the district's reserve buying power.

The Regional Outlook surveys each week three of the twelve business areas of the country.

## Trust Drive Enters Crucial Phase

**Arnold's program depends on Supreme Court's oil and hosiery decisions. Meanwhile, he pushes attack on movie producer-distributors and seeks gas inquiry.**

WASHINGTON (Business Week Bureau)—With the Supreme Court's decisions in the Madison oil and Apex hosiery cases coming soon, the Administration's anti-trust drive is approaching a climax. Victory or defeat for the government will have widespread effects. If the court holds that, as alleged, the fixing and raising of the spot market tank car prices of gasoline in the Mid-West was an unreasonable restraint of trade under the Sherman Act, the Department of Justice will bring a suit, in the wind for some time past, to divorce the major oil companies from their marketing operations.

Other antitrust suits, including one involving the curtailment of cotton print cloth output (in order to raise prices, according to the Department of Justice) will be pushed. If the court holds that the restraint of trade charged to the oil companies was reasonable, Thurman Arnold's antitrust drive will be so deflated it will look like a flat tire.

If the court holds in the Apex hosiery case that the antitrust laws apply to labor unions, Arnold's round-up of the building trades unions will become an even more lively performance. Recovery of damages by an employer under the federal law and other subsidiary questions of broad importance also are at issue.

In the meantime, the antitrust situation features these new developments:

(1) Trial of the government's charges against the big movie producer-distrib-

tors is scheduled to begin June 3 in New York.

(2) With Thurman Arnold's blessing, a Senate Judiciary subcommittee is giving consideration to recommending a comprehensive Senate investigation of monopoly in the distribution of natural gas, another angle in the five-year anti-trust action against Columbia Gas & Electric Corp.

(3) Ben Gold and other officials of the International Fur Workers' Union (C.I.O.) were sentenced to short prison terms April 20 for conspiracy to violate the Sherman Act by organizing a monopoly in the fur industry.

(4) A consent decree settling the anti-trust case against the principal type-writer companies prohibits agreement to fix prices, trade-in allowances or discounts; blocks new mergers.

(5) Manufacturers producing 65% of the output of corrugated fiberboard shipping containers will refrain from price fixing, production restriction and other practices set out in a consent decree.

### Consent Decree Likely

Thurman Arnold made two personal appearances in his renewed attack against the "big eight" movie producer-distributors—the first in Judge Knox's court in New York last week in an attempt to arrange a speedy trial, the second when he testified this week before a Senate Judiciary subcommittee in support of legislation that would require producer-dis-



*Former Senator Robert Bulkley of Ohio—he disagrees with Thurman Arnold when it comes to natural gas.*

tributors to divest themselves of any interest in theaters.

Because John W. Davis and other distinguished counsel for the defendants pleaded previous engagements, Arnold had to be satisfied with a June date for the beginning of the trial. The suit probably will terminate in a consent decree eventually but Arnold won't budge till he gets them where he wants them. In line with a suggestion from him a year ago, a producers' committee invoked the good offices of the Commerce Department with a view to composing the terms of a plan for settlement of the suit.

Such a plan was recently submitted to Arnold. But Paramount is holding out and independent theater owners are insisting, for tactical reasons at least, that the plan is not an acceptable substitute for the relief sought in the government's suit because it would leave Metro-Goldwyn-Mayer, Twentieth Century-Fox, Warner Brothers, R. K. O., and Paramount in possession of their theater holdings for a "test period" of three years.

### Imprudent, Independents Think

Chances are extremely remote, in the opinion of the independents, that after this lapse the Justice Department would or could pick up the loose ends and carry the case to a conclusion. The independents want a settlement that will require the defendants to dispose of half of their neighborhood and small town theaters in areas of greatest concentration, coupled with a prohibition against acquisition of additional theaters.

Short of divorcement, the proposed consent decree gives the government and the independent theater owners about as much as they'd be likely to get at the hands of the courts following trial of the case. Arnold hasn't accepted or rejected it. Entry of a decree in which Paramount doesn't participate involves complications and Arnold's present strategy obviously is to turn the heat on Paramount.

This concern would be hardest hit of



*The future of the antitrust drive hangs on the Supreme Court decisions in the Madison oil and Apex cases. Here, in the first picture of the court since Frank Murphy joined it,*

*are (seated) Associate Justices Roberts and McReynolds, Chief Justice Hughes, Associates Stone and Black. Standing—Associates Douglas, Reed, Frankfurter, and Murphy.*



all the defendants as most of its money is made out of its theater business. The "oomph" of the proposed consent decree is its provision for arbitrating claims of an independent owner that a distributing company is discriminating against him in favor of a competing circuit theater.

The theater divorcement bill is sponsored by Senator Neely, whose previous bill to prohibit blind selling and block-booking of films has twice passed the Senate but is stuck in the House Interstate Commerce Committee, of which Rep. Clarence Lea of California is chairman. Backing the play of the independent theater owners' organization, the Allied States Association of Motion Picture Exhibitors, Arnold asserted that the movies were controlled from the raw material to the consumer by a vertical cartel similar to the cartels set up by Hitler.

### Favors Monopoly Probe

Thurman Arnold plumped for an investigation by the Senate Judiciary Committee into possible monopoly in the distribution of natural gas, with a concurrent investigation of his own handling of the Columbia Gas & Electric Corp. case when former Senator Bulkley of Ohio, now counsel for the Missouri-Kansas Pipe Line Co., declared that conduct of the case had been improper, reprehensible, and unlawful.

Arnold said he heartily favored a resolution by Senator Nye, calling for an airing of the natural gas situation, but strongly resented Bulkley's charges. He defended the consent decree accepted by the Department of Justice in the Columbia case and said the trouble was that Bulkley, the city of Detroit, and others "want us to regulate the natural gas business, which we haven't the power to do." Subcommittee hearings will be resumed after present court proceedings in the U. S. district court in Delaware are over.

### Helpful to Trade Groups

In announcing the terms of the consent decree in the container case, Arnold took occasion to declare that the Justice Department did not intend any condemnation of legitimate trade association activities. He expressed the belief that the decree would be helpful to such associations in defining the area for lawful action. Prohibited practices include limiting production to predetermined quotas, taking part in any plan for prorationing business and other practices in order to secure adherence to such quotas, allocating marketing territories, fixing or maintaining prices and utilizing various devices to that end.

The consent decree in the typewriter case not only prohibits agreement on prices, trade-in allowances, or discounts, but seeks to arrest further concentration of the industry by preventing mergers among the defendants—Underwood Elli-

ott Fisher companies of Delaware and New Jersey, Royal Typewriter, Remington-Rand, L. C. Smith & Corona Typewriters—except on direction of the court.

The decree requires elimination of the "population discount" system by which large users of typewriters have been able to buy one machine for less money than a smaller user has had to pay per typewriter for a substantial number.

A significant incident in the fur workers' case indicates that the zeal of prosecutors in antitrust cases is a factor to be reckoned with. Berkeley W. Henderson, assistant to the Attorney General, was chided by Federal Judge Bondy for remarking that "Gold and other defendants are well-known communists who represent things we do not want in the American labor movement." Arnold, who was present in the court room, also objected to Henderson's statement.

## San Francisco Loses

**Hetch Hetchy decision, voiding power sale contract, will mean tax boost, if enforced now.**

THE UNITED STATES Supreme Court has placed San Francisco in a predicament, and given the city's business men something to worry about. The court held on Monday that the city's contract for sale of Hetch Hetchy power to Pacific Gas & Electric Co. is in violation of the 1913 Raker Act.

The Hetch Hetchy system includes a series of mountain reservoirs in the Sierra and nearly 100 miles of pipeline bringing water across the San Joaquin valley and across San Francisco Bay to the city.

If the court's decision is to be enforced immediately, it will mean an increase in the tax rate, since the city has been receiving \$2,200,000 a year from the sale of power through the utility company.

City Attorney John J. O'Toole announced that the city would ask for time in which to comply with the decision. Enforcement is up to Federal Judge Michael J. Roche, in whose court the case originated early in 1938. It was Roche who first held that the agency contract violated the act.

### Tactics the City May Use

Three possible outs confront the city:

(1) It may try to get Congress to amend the Raker Act, although chances of success are held slight.

(2) It may buy the San Francisco distribution system of the utility, although the city's voters have rejected the proposal seven times in the last 13 years. The last time was in May, 1939, by a vote of 130,000 to 43,000.

(3) It may draft a new contract with the utility. City attorneys have already prepared several which they believe comply with federal law while permitting the utility to distribute the city's power as

## Going Up



The new union air terminal under construction at 42nd St. and Park Ave. in New York City, decked its framework in bunting this week as Mayor La Guardia laid the cornerstone. Directly across the street from the Grand Central railroad station, the terminal will serve as a ticket office and general headquarters for five competing airlines.

now. The strategy would be to test these contracts one at a time through the courts until Harold Ickes, who instigated the present action against the city, is no longer in a position to press the issue.

The Raker Act is the one whereby Congress gave the city specific water rights in Yosemite National Park and Stanislaus National Forest (BW—April 16 '38, p.51).

## Fair Streamliner

A NEW STREAMLINER, the "Treasure Island Special," will take the rails on June 19 for fast luxury travel between Chicago and San Francisco on the Overland route. The gray, nine-car all-Pullman train will be jointly operated by the Chicago & North Western, Union Pacific, and Southern Pacific railroads.

Schedule of the new addition to the streamliner fleet calls for a round trip every six days and its trips will be staggered with those of its sister trains, the "City of San Francisco" and the "Forty-Niner," thus providing fast service by the C.&N.W.-U.P.-S.P. combination every other day.

To be used to promote travel to the San Francisco Fair this summer, the streamliner's equipment will include six lightweight Pullman sleepers (room space only), a diner, lounge-observation-sleeping car, and a baggage car.

## Move to Clip Atlas' Wings

**Opposition to Floyd Odlum's plan for merger with Curtiss-Wright shows how SEC's proxy rules can be used for strategic purposes.**

WHEN THE Securities and Exchange Commission drafted its rules governing the solicitation of proxies, it embodied some pretty specific points for protection of minority stockholders. Heretofore these rules have been invoked on a couple of occasions in "nuisance" actions. Rarely have they been trotted out in what appeared to be a conscientious stockholders' controversy. Over the next couple of months, however, they're due for a workout. Two Massachusetts-type investment trusts disapprove of the proposed absorption of Atlas Corp.'s liquid assets by Curtiss-Wright Corp. They have asked Curtiss-Wright, in its proxy notice, to tell stockholders of a resolution which the trusts will bring forward in opposition at the special meeting to be called shortly. They ask, moreover, that the proxy form make it possible for the stockholder to register how he wants to vote on the resolution in question.

Strategy involved really is very simple, even though it isn't widely understood. SEC says the management, in its proxy notice, must tell stockholders what is to come up at the meeting. If the management does not know that some party is

going to present a controversial matter, then obviously no mention can be made of it. However, if that party puts the management on notice, previous rulings indicate that the commission will require the proxy form so to state; the mere fact that the management didn't bring the matter up doesn't satisfy the SEC as grounds for omission.

### The Managements' Argument

This turn of events puts a new face on the merger of Atlas and Curtiss-Wright. When it was first announced (*BW*—Mar 23'40, p16), the plan to consolidate investment trust assets with the manufacturing establishment of a major aircraft company seemed heterodox if not actually a little funny. But the managements had an interesting case to present.

They pointed out that Curtiss-Wright would get about \$36,500,000 in cash and marketable securities. This ready money was calculated to come in pretty handy at a time of booming aircraft business (Curtiss had more than \$144,000,000 in orders on its books as of Mar. 8 and undoubtedly has further increased the huge backlog since that date). The directors of

both companies said they had approved the merger and Curtiss was preparing to submit the plan to stockholders.

However, the two investment trusts in question didn't wait for it to be submitted. Massachusetts Investors Trust announced that it held 21,700 shares of the aircraft company's Class A stock, and Supervised Shares, Inc., acted as a holder of 4,000 of the A shares. Said they: "We do not believe the company is in need of any permanent financing and we further believe that if any new securities are to be issued they should first be offered to stockholders."

### Unnecessary, Critics Say

With that, they launched into detailed criticisms. In view of the company's cash position and earnings (it had current assets of more than \$50,000,000 on Dec. 31) they argue that it doesn't need the liquid assets of Atlas. Moreover, they figure that Curtiss is offering stocks worth more than \$45,000,000 for assets valued at less than \$37,000,000. They insist Atlas Corp.'s common stockholders are receiving Curtiss shares with a market value of more than \$10 at a price of \$7.25 (another method of figuring makes the price closer to \$8.50). They assert the earnings accruing to Curtiss-Wright stockholders are diluted and that, if anybody is to get bargain stock, it should be the company's stockholders.

On the somewhat more technical side, they hold that a cumulative prior dividend is being substituted for one which is non-cumulative and that, moreover, the new cumulative dividend is somewhat

## The Canalization of the Upper Mississippi



When the gates on Dam 24 at Clarksville, Mo (left, above) were lowered last month, the 9-ft. canalization of the upper Mississippi River was completed. The channel depth from the mouth of the Missouri to Minneapolis—a distance of 658 miles—is now controlled by a series of 26 dams with locks; including Keokuk Dam, completed in 1913 as a private power project; and two

dams built at the Twin Cities for navigation purposes by the federal government, before Congressional approval of the present project. The 26 dams, about 26 miles apart, were constructed at a cost of \$170,000,000. Traffic on the developed section of the river, still increasing, went from approximately 1,544,000 tons in 1935 to 2,599,000 tons in 1938.

*Engineering News-Record*

larger; that Curtiss-Wright will have increased its capitalization permanently to finance a war expansion which may be temporary; that Curtiss-Wright's Class A stock gives up part of its present priority as to dividends, and that this issue is disenfranchised of its right to block certain things such as an increase in capitalization whenever one-third of the A shares oppose such action.

This last-mentioned fact—the right of one-third of the Class A shares to block an increase in capitalization—might prove vital in the present case if important opposition to the merger plan is mobilized among the A holders. However, as yet there is no organized protest such as is typified by a stockholders' protective committee. Nevertheless, Wall Street rumor mills are humming with the story that the merger plan is definitely unpalatable to some of the Curtiss-Wright operating personnel despite its approval by directors.

### Not His Usual Pattern

Moreover, Wall Street is interested in the controversy from an academic point of view. The rise of Floyd Odlum, president of Atlas, not only has been fabulous but has been accomplished almost entirely during the depression. Time after time, he offered Atlas securities for those of other investment trusts. Not infrequently he encountered minority opposition but the record speaks for itself—he took over no fewer than 20 trusts between 1930 and 1935. And now here is the same Floyd Odlum once again meeting minority opposition, and in a transaction almost exactly the reverse of his usual pattern—one in which Atlas is undertaking to sell 60% of its assets instead of buying someone else's.



Not how immigrants can get into America, but how they can get along here after they arrive—that's the job

## Refugees Build U. S. Industries

Survey by agency directing assimilation under planned program reveals manufacture of many items formerly imported. Jobs created for American workers.

WITH COMPLETION this month of a sample survey to determine what kind of new business enterprises has been started in the U. S. by European refugees, a unique institution reviews its record. That institution is National Refugee Service, Inc., a private agency established to effect the absorption of a new immigrant group into American life on the basis of a planned program.

N.R.S. is geared to resettle in America over 20,000 persons a year who are fleeing war and persecution in topsy-turvy Europe. It was incorporated as recently as July 1, 1939 to serve as an administrative body for a dozen refugee aid groups, which worked loosely together in the now defunct National Coordinating Committee for Aid to Refugees and Emigrants Coming from Germany, founded in 1934. It actually represents the latest form in an organized development which began when Hitler came to power in 1933.

Denominational organizations coping with the refugee problem found it necessary to combine their efforts in the interest of efficiency; hence the Coordinating Committee. When Austria, Czechoslovakia, and Poland as well as Germany became refugee sources, National Refugee Service was formed to provide a single clearing-house agency.

N.R.S. is organized to handle 50,000 "cases" a month. A "case" may mean arrival of a family of four on the *Rez* with no place to go from the pier. Or it may be finding a job for a distinguished research chemist who has been driven from his European laboratory by Heinkel bombers. Sometimes it means finding a site for a factory which will manufacture mechanical toys under an international patent held by a refugee.

### Help for Newcomers

While 50% of the immigrants serviced by N.R.S. are not active job-seekers because they have resources of their own or friends and relatives to aid them, N.R.S. undertakes to teach new skills and find jobs for 500 refugees a month in New York City alone. It places few if any unskilled workers, except in domestic service; most of its placements are highly skilled technicians.

With immigration into the United States limited by strict quotas, N.R.S.'s work is pointed not on getting people in, but on helping them after they arrive. To this end it has in New York a full-time staff of 469, plus 75 volunteers. Because it is sensitive to the ticklish problem raised by headlined immigration to a land in which opportunities seem already too few to many people, N.R.S. pursues an unpublicized program designed to adjust the foreigner rapidly to the American social pattern and teach him our language, and to give him, even more rapidly, economic self-sufficiency through job placement in non-competitive fields. Non-competitive jobs, says N.R.S., with an ear to the frequent attacks on "refugee invasion," mean jobs for which there is not an adequate American labor supply and employment in new industries founded by refugee capital. Therefore, two important departments of N.R.S. are "employment and retraining," and "cultural activities."

### They Become Self-Supporting

An immigrant may not become a public charge under penalty of being shipped back to the country of his origin; so another important function of N.R.S. is providing maintenance for those unfortunates bringing no capital with them. Some 2,400 cases a month require this type of help. N.R.S. reports that over 40% are self-supporting in 90 days or less, and that 80% of the indigent require no relief within six months of entry.

Perhaps the most dramatic aspect of

of National Refugee Service. Above, the N.R.S. intake department—immigrants waiting for aid.



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*Imagine! Getting paid  
to operate that new*

# MODEL M CUSHIONED-TOUCH COMPTOMETER



**SOFT** as a cushion—quick as a flash—is the key-stroke of the new Model M Cushioned-Touch Comptometer! Small wonder operators are so enthusiastic about this newest model Comptometer!



**QUIET** as a rabbit in the snow! The mechanism of the new Model M Comptometer "floats" on shock-absorbing rubber mountings inside the case. Reduced noise means less fatigue, greater production.

## NEW FEATURES OF THE MODEL M CUSHIONED-TOUCH COMPTOMETER

### For faster, easier operation:

Lighter key-stroke  
Flexible keyboard  
One-hand subtraction  
Improved decimal  
pointers

### For improved appearance:

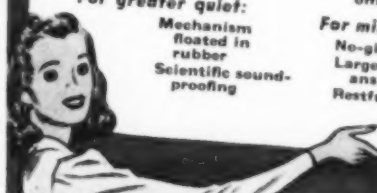
Cancelling lever built in-  
side case  
New color and modern,  
simplified lines to har-  
monize with modern  
office interiors

### For greater quiet:

Mechanism  
floated in  
rubber  
Scientific sound-  
proofing

### For minimized eye-strain:

No-glare answer dials  
Larger, more legible  
answer numerals  
Restful grey-green color



**MANY** of the improvements incorporated in the new Model M Comptometer (such as no-glare answer dials and scientific soundproofing) will be fully appreciated only by those who operate it.

Yet because these fatigue-reducing improvements will result in *more figure work handled in less time at lower cost*, they will give the familiar phrase, "*Comptometer Economy*," an even sweeter ring to executive ears!

And back of all the new features of this Cushioned-Touch Comptometer are the fundamental Comptometer advantages: remarkable speed, Controlled-Key accuracy, adaptability and sturdy construction.

For a demonstration of the new Model M Comptometer (in your own office, on your own figure work), telephone your local Comptometer office—or write to Felt & Tarrant Mfg. Co., 1733 N. Paulina Street, Chicago, Ill.



**COMPTOMETER**  
REG. U. S. PAT. OFF.



**DELIVER IT TOMORROW  
...via ERIE**



• When the sale hinges on rapid delivery...call the Erie Agent. You can park your worries with him!

From your shipping room to the consignee's receiving room, on less-than-carload freight, Erie takes full charge. Pick-up and delivery, streamlined freight handling methods, fast schedules...everything that makes for speed is part of Erie service. That's why you'll find "via Erie" the best way to ship when saving time means saving money! Next time a customer stipulates "delivery tomorrow" ...call the Erie Agent.

**YOUR HOME  
ON THE RAILS BETWEEN**

New York, Binghamton, Elmira, Buffalo, Youngstown, Akron, and Chicago. Enjoy a smoother ride over the well-cared-for tracks of the Erie. Modern air-conditioned equipment. Delicious priced-right meals.



N.R.S.'s job is that called "resettlement." Because immigrants incline to "colonize" in New York, forming a city within a city, thus preserving their old-world patterns, N.R.S. is anxious to get them into other cities and towns where they will not be insulated against American folkways.

There are 750 local committees in as many cities whose task it is to make homes for refugees in their communities. Last year N.R.S. resettled 2,600 families in this way, now it is resettling 350 a month and expects to make it 500 a month before the year is over.

The N.R.S. over-all budget was \$2,600,000 last year. The money comes from contributions.

**They Head Up the Service**

Prof. Joseph Chamberlain of Columbia University Law School is chairman of the corporation's board, and William Rosenwald, son of the late Julius Rosenwald, is president. Executive director is young, dynamic William Haber, on leave from his professorship in economics at the University of Michigan's Graduate School. Haber has had extensive experience in personnel work and was formerly labor manager for Hart, Schaffner, and Marx. In 1934-1937 he served as Michigan's state relief administrator and as a member of the state's Unemployment Compensation Commission.

The sample survey just completed under his direction examined 303 business enterprises initiated by recent refugees. Capital investments of over \$50,000 were made in five of the enterprises, while 29 represented a total investment between \$10,000 and \$50,000. Annual production was \$10,000 or less in 22 cases, between \$10,000 and \$50,000 in 36 cases, and more than \$50,000 in 20. Four establishments reported annual production in excess of \$200,000.

N.R.S.'s comments on its sampling carefully emphasizes the fact that 75% of the workers employed by the refugee businesses are Americans, and that all have had to purchase American machinery or raw materials, and are making available through domestic production many goods and services which previously had to be imported.

**Enriching Their New Country**

Typical of the industries' products which formerly had to be imported in whole or in part are: filtermass for brewing, a novel formula for treating wood to be used in smoking meat products, a patented textile printing process, water plastic paint in powder form, a photo-chemical process for glass printing, a photo-electric light meter and electronic timer, a patented flint-making process, Austrian ski equipment, a patented oxygen shaving process, a patented chair spring, a portable engraving machine, synthetic resin products, a hot wax carbonizing process, and German photo-

**"Building America"**



Harris & Ewing

Between 2,000 and 3,000 delegates of U.S. Chamber of Commerce will gather in Washington next week for the Chamber's 28th annual meeting, April 29-May 2. President W. Gibson Carey, Jr. (above) is to start the proceedings with a speech on "Build America," general theme of the meeting. Though the emphasis will be on internal problems and the need for expanding industrial activity, a discussion of the economic effects of the war on the U. S. will have an important place on the program.

graphic devices. One large firm holds various German patents on machinery manufacture.

The survey is only a sampling, and will form part of a comprehensive study which is designed to collect definitive statistics on refugee finance, investment, and employment.

**Car Awaits, on May 1**

**Train-auto service will mean money saving to traveling business men, railroads declare.**

THE WIDELY-PUBLICIZED train-auto service—whereby railroad passengers can have rented cars awaiting them at their destination—will go into actual operation next week on May 1. Eleven western railroads have signed contracts with Railway Extension Service, Inc., which call for a maximum of 2,000 new cars to rent to passengers arriving in 150 key cities in 30 states. Eastern railroads also plan to begin train-auto service on the first of the month in connection with the Central Passenger Association and the American Drivervelf Association (BW—Feb 10'40,p18).

Basic rates for the auto service in the

# What Every Metropolitan Policyholder Should Know about his Company

Metropolitan presents its Business Report for the year ending December 31, 1939. (In accordance with the Annual Statement filed with the New York State Insurance Department.)

## ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

<b>National Government Securities</b>	<b>\$1,015,938,914.60</b>
U. S. Government . . . . .	\$948,082,869.84
Canadian Government . . . . .	67,856,044.76
<b>Other Bonds</b>	<b>1,882,379,020.85</b>
U. S. State & Municipal . . . . .	110,055,727.87
Canadian Provincial & Municipal . . . . .	103,823,959.75
Railroad . . . . .	573,665,903.43
Public Utilities . . . . .	689,740,113.65
Industrial & Miscellaneous . . . . .	405,093,316.15
<b>Stocks</b>	<b>86,624,833.01</b>
All but \$22,561.13 are Preferred or Guaranteed.	
<b>Mortgage Loans on Real Estate</b>	<b>953,658,650.07</b>
Farms . . . . .	76,890,988.22
Other property . . . . .	876,767,661.85
<b>Loans on Policies</b>	<b>\$15,495,459.26</b>
<b>Real Estate Owned</b>	<b>407,215,594.74</b>
Includes real estate for Company use, and housing projects.	
<b>Cash</b>	<b>132,667,027.52</b>
<b>Premiums Outstanding and Deferred</b>	<b>87,666,343.58</b>
<b>Interest Due and Accrued, etc.</b>	<b>60,340,337.46</b>
<b>TOTAL</b>	<b>\$5,141,986,181.09</b>

## OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS


<b>Policy Reserves required by law</b>	<b>\$4,493,833,205.00</b>
Amount which, with interest and future premiums, will assure payment of policy claims.	
<b>Dividends to Policyholders</b>	<b>112,999,638.00</b>
Set aside for payment during the year 1940.	
<b>Reserve for Future Payments on Supplementary Contracts</b>	<b>112,986,146.83</b>
<b>Held for Claims</b>	<b>22,931,579.79</b>
Including claims awaiting completion of proof and estimated amount of unreported claims.	
<b>Other Policy Obligations</b>	<b>42,377,943.67</b>
Including reserves for Accident and Health Insurance, dividends left with Company, premiums paid in advance, etc.	
<b>Miscellaneous Liabilities</b>	<b>47,140,101.00</b>
Liabilities not included above, such as taxes due or accrued, special reserves, etc.	
<b>TOTAL OBLIGATIONS</b>	<b>\$4,832,268,614.29</b>
<b>Surplus</b>	<b>309,717,566.80</b>
This serves as a margin of safety, a cushion against contingencies which cannot be foreseen	
<b>TOTAL</b>	<b>\$5,141,986,181.09</b>

**NOTE**—Assets carried at \$221,390,536.99 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.


## TEN YEARS OF PROGRESS

Highlights of Metropolitan's growth and stability over the past decade


### Insurance in Force

	<b>Life Insurance</b>
1929 . . .	\$17,933,000,000
1939 . . .	\$23,193,000,000
<b>Accident &amp; Health Insurance</b>	
Weekly Indemnity	
1929 . . . . .	\$13,928,000
1939 . . . . .	\$19,894,000

### Policy Reserves

	1929 . . .	\$2,659,000,000
	1939 . . .	\$4,493,000,000
	Funds held, as required by law, to assure payments to policyholders.	

### Payments

	1929 . . . . .	\$335,000,000
	1939 . . . . .	\$604,000,000
	Funds paid or credited to policyholders and their beneficiaries.	

After fulfilling all its contractual obligations (including payment of over \$4,260,000,000 to policyholders and beneficiaries) over the 10-year period of adverse economic conditions from 1929 through 1939, Metropolitan

1. . . . . added to its contingency reserve, or surplus, as an extra safety factor, more than **\$132,000,000**

2. . . . . strengthened the basis of its policy reserves to the extent of **45,000,000**

3. . . . . made expenditures to improve properties acquired through foreclosure, without increasing their valuation **25,000,000**

4. . . . . reduced the valuation of securities and real estate as carried on its books, by more than **216,000,000**

5. . . . . expended on health and welfare work for policyholders more than **58,000,000**

6. **YET, over this same 10-year period, and in addition to the above, Metropolitan also paid or credited to its policyholders almost one billion dollars in dividends**

**TOTAL** **\$1,468,000,000**

## Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

FREDERICK H. ECKER, Chairman of the Board

LEROY A. LINCOLN, President

1 Madison Avenue, New York, N. Y.





**"Industry's  
fuel and power waste  
averages 35%"**★  
\*Says Factory Management & Maintenance

## Learn what YOU are wasting . . . and what Iron Fireman can save

Says the authoritative McGraw-Hill magazine *Factory Management & Maintenance*: "Industry's total bill for power and fuel is about \$1,500,000,000 per year. Reputable engineers estimate that approximately 35% of this expenditure is wasted."

Find out whether you are wasting one out of every three dollars spent on fuel. Learn how Iron Fireman users are getting more B.t.u.'s per fuel dollar by burning lower cost fuel at high efficiencies.

For instance, Bowser Pump of Fort Wayne, Indiana, is saving \$5300 a year on fuel costs, and earning a 76% return on its investment in Iron Fireman stokers. Authorize us to make an Iron Fireman Engineering Survey of Steam Costs; no obligation to you.

We will work with your own engineer, consulting engineer or fireman . . . and will prepare for you an engineering report containing full facts and figures on what Iron Fireman firing can accomplish in your present boiler plant. Write, or simply mail the coupon.



Three Iron Fireman stokers installed in central heating plant of Greendale Federal Housing Project near Milwaukee, Wis. Iron Fireman stokers are made in sizes for firing boilers up to 750 h.p.; multiple installations for larger loads.

SEND FOR  
FREE COPY



IRON FIREMAN MANUFACTURING CO., Portland, Oregon; Cleveland; Toronto. Mail to 3363 West 106th Street, Cleveland, Ohio.

- ☐ Send free copy of "Modernize, Economize, Iron-Firemanize," showing how Iron Fireman cuts costs, improves heating and steam production.  
☐ See us about making, without obligation to us, an Engineering Survey of our steam costs.

Name \_\_\_\_\_  
Address \_\_\_\_\_

west will range from 8¢ per mile for a minimum of 10 miles per hour, to a charge of 6½¢ per mile for a minimum of 1,000 miles per week. This includes gas, line, oil, maintenance, and insurance.

### Railroads' Sales Talk

The railroads, in going after private auto travel with the new plan, figure that passengers will make substantial money savings by availing themselves of the service. Some of the statistics by which they hope to lure traveling business men away from the highways:

For a trip between two cities in the central states, 400 miles apart, the round trip, first-class fare is \$18, plus \$5.30 lower berth, round trip. The train makes the trip overnight in each direction, therefore travelers under such a plan would have to buy only three meals away from home—cost about \$2.40.

The use of a train-auto service car for 100 miles at destination costs \$8. This makes the whole trip cost \$33.70. What's more, it takes only one business day, say the railroads.

Expense for the same trip by automobile would be from \$43 (if the car mileage is figured at 4¢ a mile) to \$61 (if mileage is figured at 6¢ a mile), as well as taking at least two business days—one half-day going, two half-days business, and one half-day returning.

That's the railroads' argument.

Lines offering the service to their passengers: the Burlington; Chicago & Eastern Illinois; Chicago, Milwaukee, St. Paul & Pacific; Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Great Northern; Illinois Central; Northern Pacific; Rock Island; Santa Fe; and Union Pacific.

## Saving a Neighborhood

Oakland-Kenwood group in Chicago is showing how to keep in-city property from declining.

PRIZE EXAMPLE of what neighborhood pride, helped on by intelligent guidance and political know-how, can do to keep an old neighborhood desirable is Kenwood, five miles south of Chicago's loop. A mile long and a mile wide except where Lake Michigan narrows it, Kenwood contains a population comparable in its respectable prosperity with much of the North Side's Gold Coast. But instead of getting dirty fingernails after the manner of close-in city sections, Kenwood becomes better-groomed year after year.

Largely responsible for its regular manicuring is the Oakland-Kenwood Property Owners Association, headed by big-shot real estate man Newton C. Farr, president of the National Association of Real Estate Boards and himself a Kenwood resident. The O-K association misses few bets. It got WPA labor to repave streets, patch defective side-

walks, rep-seed it. V about his ment and jump him by the O-

Local so instill ne ful hints litter. Zou downward fight. To owners vo annually I of their p

### Run-Dov

Oakland stretching been going dents reco Oakland So t now found tion Comm subscribed put up \$2 of incorpe private ho der the mortgages on rehabili

The new property t that its u reasonable modernize stable clas revenue. I telephone owners ea

### Realistic

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FHA r such a co zage debt permit 80 up the C local real But they more than dividend t can dent t tion throu by encour to refurb some juicy; modernize rent rever

walks, replace sterile parkway soil and seed it. When a resident gets sloppy about his garbage, the Health Department and the Ward Superintendent jump him simultaneously, prodded on by the O-K group.

Local school children see movies that instill neighborhood pride and give helpful hints on keeping streets free from litter. Zoning violations or attempted downward amendments get a quick, stiff fight. To maintain the program 600-odd owners voluntarily pay the association annually 1/15 of 1% of the fair valuation of their properties.

### Run-Down Property Rehabilitated

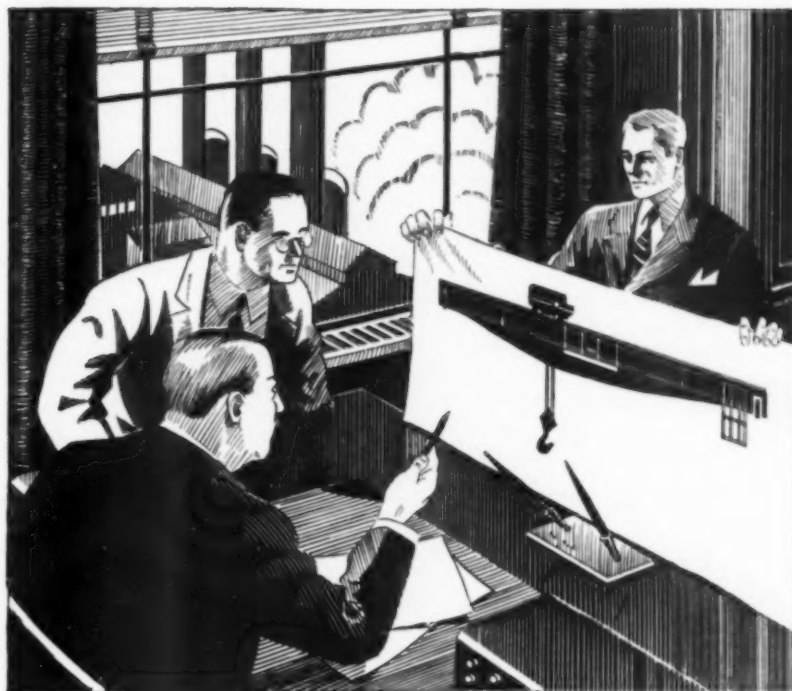
Oakland, three blocks wide and stretching the next mile to the north, has been going a little shabby. Kenwood residents recognize that any deterioration in Oakland may spread to their square mile. So the O-K association group has now founded the Oakland Rehabilitation Committee. Its richer members have subscribed \$10,000 cash capital and will put up \$25,000 if it is needed. In process of incorporation with this money is a private housing company to operate under the FHA section which insures mortgages under Title I at 4% or 4½% on rehabilitation projects.

The new company will buy run-down property that it can get cheap—realizing that its ultimate success depends on a reasonable cost of acquisition. It will modernize this property to attract a stable class of residents and yield a fair revenue. Last week, the O-K association telephone buzzed with inquiries from owners eager to unload.

### Realistic about Prospects

At the market price for Oakland properties, FHA regulations should permit spreading the original \$10,000 capital over a lot of real estate by promptly replacing acquisition and remodeling costs with mortgage money. Also, the men who started the enterprise hope to include a good many others who may be induced to pitch in their property in exchange for shares instead of cash. They have already obtained the agreement of local real estate men to accept their compensation above out-of-pocket expenses in corporation stock.

FHA regulations limit dividends of such a company to 6% until the mortgage debt is pretty well paid down, then permit 8%. The men who are putting up the O-K money are realists about local real estate prospects and prices. But they suspect that there may be more than a civic reward plus a modest dividend in the entire operation. If they can dent the Oakland district's deterioration through their own investments and by encouraging other property owners to refurbish independently, there may be some juicy capital gains in value of their modernized properties, quite aside from rent revenues.



## Make sure you're getting these features when you buy that new crane . . .

The crane you buy today will be a part of your plant equipment for the next ten, fifteen, or twenty years. Be sure that it is engineered to give quiet, efficient, trouble-free performance throughout its entire life.

Whiting cranes have many distinctive features that reduce noise and wear. For example,



Herringbone Gears

they have heavy duty, anti-friction roller bearings that hold gears in rigid alignment . . . smooth-running herringbone gears that outlast ordinary spur gears at least two to one . . . flexible

couplings to transmit motor power without binding . . . rotating axle bridge bearings . . . oil-flushed load brakes



Roller Bearings

. . . tapered tread bridge drive wheels. These features and many others make possible the smoothness, quietness, and long, trouble-free life of Whiting cranes.

Investigate the Whiting crane for your plant. Capacities from 1 to 400 tons. Write, Whiting Corporation, 15661 Lathrop Avenue, Harvey, Illinois.



Flexible Couplings

In Canada:  
Whiting Corp. (Canada) Ltd., Toronto



### HOW TO WRITE a Traveling Crane Specification

Tells how to order a crane to fit your needs. Mailed free to executives.

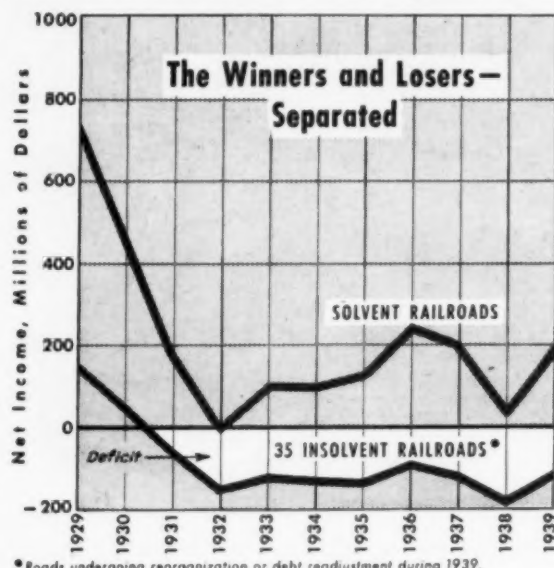
Builders of quality cranes for over 50 years

IT PAYS TO GET A QUOTATION ON  
**WHITING**  
OVERHEAD TRAVELING CRANES

## Checking Up on the Railroads

**NO. 1 ECONOMIC MISCONCEPTION** is that the American railroads manage to lose money most of the time. Truth is, as these charts show, that some roads (the solvent ones) make money all the time; the others, but seldom.

Lately, the cream is spreading better. Though in 1939 net income of all class I roads (\$94,639,000) was 4% less than 1937's \$98,671,000, more roads covered fixed charges —72 in 1939; 68 in 1937. In 1938, 54 roads "covered."



\* Roads undergoing reorganization or debt readjustment during 1939.

### How the 40 Largest Railroads Fared in 1939

(Roads that covered fixed charges in *italics*)

Name of Railroad	Gross Revenues 1939— 000 omitted	Percentage of Fixed Charges Earned			Name of Railroad	Gross Revenues 1939— 000 omitted	Percentage of Fixed Charges Earned		
		1939	1938	1937			1939	1938	1937
Pennsylvania	\$430,931	140	114	134	Denver & Rio Grande Western	\$25,073	35	8	1
New York Central	341,087	109	59	112	Grand Trunk Western	21,802	49	d	88
Southern Pacific	217,573	120	78	102	Virginian	21,477	388	335	392
Union Pacific	164,253	232	230	224	St. Louis Southwestern	19,610	37	69	71
Baltimore & Ohio*	161,030	148*	92*	151*	Pittsburgh & Lake Erie	19,251	9,160	4,074	7,546
Atchafalpa, Topeka & Santa Fe	160,040	165	162	158					
Chesapeake & Ohio	118,722	387	326	467					
Illinois Central	111,371	114	107	112					
Chi., Milwaukee, St. Paul, & Pac.	106,875	64	41	66					
Southern Railway	99,154	138	97	105					
Chicago, Burlington & Quincy	96,132	138	137	151					
Norfolk & Western	93,115	1,528	1,047	1,584					
Great Northern	91,783	161	119	163					
Louisville & Nashville	88,348	178	129	174					
Chicago & North Western	87,250	45	8	11					
New York, New Haven & Hartford	83,418	78	16	47					
Missouri Pacific	83,059	37	30	58					
Erie	81,217	89	25	97					
Chicago, Rock Island & Pacific	78,468	41	20	34					
Northern Pacific	63,882	101	70	101					
Reading	56,745	157	139	181					
Delaware, Lackawanna & Western	50,454	95	49	88					
St. Louis-San Francisco	47,716	31	10	38					
Atlantic Coast Line	47,099	113	71	138					
Boston & Maine	46,341	110	31	103					
Lehigh Valley	45,359	99	55	88					
Wabash	44,663	52	20	60					
Seaboard Air Line	44,163	41	19	50					
New York, Chicago & St. Louis	43,175	148	85	136					
Central of New Jersey	33,547	47	12	58					
Pere Marquette	30,233	110	33	150					
Missouri-Kansas-Texas	28,171	36	26	78					
Texas & Pacific	26,454	125	136	162					
Long Island	25,558	21	d	8					
Delaware & Hudson	25,452	139	96	75					
					Duluth, Missabe & Iron Range	18,637	723	134	885
					Elgin, Joliet & Eastern	18,148	355	129	165
					Cin., New Orleans & Texas Pacific	17,788	283	219	290
					Western Maryland	16,518	148	114	164
					Wheeling & Lake Erie	14,919	671	369	686
					Nashville, Chattanooga & St. Louis	14,828	141	109	69
					Kansas City Southern	13,385	129	113	130
					Maine Central	11,990	128	85	123
					Rich., Fredericksburg & Potomac	8,752	428	257	409
					Louisiana & Arkansas	7,690	177	148	147
					Alabama Great Southern	7,678	482	367	469
					Clinchfield	7,276	280	173	160
					Gulf, Mobile & Northern	6,924	150	113	151
					Detroit, Toledo & Ironton	6,702	255	146	296
					Bangor & Aroostook	5,119	128	131	217
					Lehigh & New England	4,287	332	190	201
					Monongahela	4,156	199	147	188
					Georgia Railroad	3,743	109	84	80
					Pittsburgh & West Virginia	3,671	153	78	172
					New Orleans & Northeastern	3,108	134	112	159
					Charleston & Western Carolina	2,482	159	105	173
					Tennessee Central	2,462	135	121	151
					Denver & Salt Lake	2,291	171	178	182
					Missouri-Illinois	2,251	445	76	145
					Green Bay & Western	1,696	2,548	5,939	228
					Midland Valley	1,403	144	142	173

\* Allowing for debt adjustment in 1939; estimated fixed charge coverage without adjustment would be: 1939—92; 1938—59; 1937—98.  
d—Deficit.

Data: Standard Statistics Company

Copyright, Business Week



# STEEL GETS A *Facial*

FROM blast furnace to rolling mill, the production of steel calls for oil. In steel mills... as in most other industries... proper lubrication is vital to product and profits alike.

More and more industrial users of oil are turning to Texaco for their lubrication needs because they've found Texaco quality lubricants dependable, economical, efficient... because they need the speed and convenience of their nearby Texaco supply point... one of 2279 across the country.

**THE TEXAS COMPANY**

—in all  
48 States





You, Too, Can  
*Expand Your Plant*  
*with Investment*  
*Minimum*



*Install in Days*  
*Instead of Weeks!*



*Readily Insulated,*  
*Heated or Air-Conditioned*



In days instead of weeks you can permanently house space needed for more production or storage—in small units or large—units easily enlarged later or taken down and re-located with full salvage—units readily insulated, heated or air conditioned. Twenty-five years of engineering has developed factory fabricated units that quickly bolt together to give greater structural strength per pound of steel.



**Free!.. SEND TODAY**

for the 50 page Butler Book of Steel Buildings showing a hundred different installations in a score of industries. An outline of your requirements will get Butler engineers to tailor-measuring plans to fit and figure to save 3 ways.

**BUTLER**  
READY-MADE STEEL BUILDINGS

BUTLER MANUFACTURING COMPANY  
1250 Eastern Ave., Kansas City, Mo. • 950 Sixth Ave., S. E., Minneapolis, Minn.

## LABOR & MANAGEMENT

INDUSTRIAL RELATIONS • PERSONNEL • EXECUTIVE POLICY

### Sears Standardizing Wage Plans

Constant income experiments in stores and mail houses result in settled program for future extensions. Law of six states bans holdback feature.

DURING RECENT MONTHS Sears, Roebuck & Co. has surveyed its constant wage plan as used in its retail stores and mail-order houses to see which one of the varying versions best fits the job.

Sears has used two plans (BW—Apr 22 '39, p. 30) in its mail-order houses: Plan A (Memphis Plan) credited overtime hours to the employee's account, used these in short-time weeks to keep his pay envelope at the constant level, once a year paid his credit balance in cash or wiped his debit balance off the slate. Plan B (Minneapolis Plan) pays the employee in cash every week for any overtime hours worked, unless he already owes the company deficit hours for which he has been paid. This plan needs no annual settlement date.

Plan A has been ruled out of bounds by the Wage-Hour Administrator, because the law says the employer must pay every employee in full what he has earned, may hold back nothing. So Sears has regretfully heaved out Plan A, now

has Plan B everywhere except Chicago and Philadelphia, where it has none.

Since Plan B is an attempt to level out the worker's weekly income and is in no sense a guaranteed annual wage, it does not exempt the company from the Wage-Hour Law provisions about paying time and one-half for overtime above 42 hours. The standard work week in Sears mail-order houses is 40 hours, and the two-hour differential leaves operating superintendents enough slack to work deficit-hour employees out of the red at no excessive cost.

#### Fear Effect of New Maximum

When the legal maximum work week drops to 40 hours next October, Sears operating men fear the time and one-half penalty may prove prohibitive. Abandoning the plan would throw superintendents back upon the old method of varying hourly schedules, which means hiring and firing in almost direct ratio to orders received. The mail-order employees don't

### The Ferry Yosemite Goes to Sea



The ferryboat Yosemite used to just ply back and forth across San Francisco Bay. Last week, bearing the new name Argentina, she proudly set out to sea, on a 9,000-mile journey to

Montevideo. Purchased by the government of Uruguay for \$70,000, she's to be put into service on the River Plate. Her ocean voyage will take between two and three months.

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enjoy this prospect, either; everyone eligible is voluntarily enrolled under the constant wage plan because he has everything to gain, nothing to lose thereby.

Three major plans have been tried in Sears retail stores. Plan C is really a job security plan. It guarantees six months of full work and full pay to the basic (year-round) employees, does nothing for part-timers or temporaries. Commission salesmen leave with the company at 3½% interest 50% of earnings above a week's drawing account up to 4-weeks' total; this holdback is used to keep their accounts out of the red in dull seasons. An identical commission method is used in all Sears retail plans, has succeeded in keeping 90% of the salesmen on comparatively level incomes. It has been voluntarily adopted for 1940 by practically every salesman who decided to sit it out for 1939, its first year.

#### Workers Prefer Job Security

Plan D resembles the mail-order plans; it gives wage security, not job security. Any employee of one year's continuous service gets full weekly pay for his basic work-week hours as long as he stays on the payroll; retention is not implied. His plus hours are carried as book credits to wipe out deficit hours later incurred; at annual settlement, all his deficits are wiped off. Plan D is, in fact, almost verbatim retail-store use of mail-order Plan A. Plan E differs from Plan D only in that it requires no annual settlement. Plan C's job security probably makes it most desirable for the employees, is used in 16 stores. How it will behave in a down-cycle remains to be seen. If it works out well then, the chances are that its job-security provisions will be combined with the hour flexibility of Plan E.

After all the experimenting, Sears has standardized on Plan E for future extensions because it removes the temptation on a store manager to fire employees to avoid having deficit charges accrue at seasons when they might have to be charged off in the annual settlement. D remains only in Massachusetts, where the state labor commission has blessed it. E is already in 57 stores, next week enters 25 more, by autumn probably still another 100.

#### Renewable Only by Ballot

When the constant wage plan first goes into a store, it is imposed from above. Thereafter it may be renewed only by secret ballot of the workers. Thus far, no unfavorable vote has been received. In four stores the managers asked to have Plan D or E removed, for causes which Sears now recognizes as general limitations. The plan will not fit a store: (1) with basic work week and number of open hours almost identical; (2) with little difference in its minimum and maximum personnel; (3) subject to legal limits on working hours that are close to the basic week—this especially

*I watched an old man  
grow Young today . . .*



**THIS MORNING**, the first of Dad's Guardian income checks was on the table. When he opened the envelope and looked at that check—and realized that, from now on, Mother and he will get checks like that *every* month as long as either of them lives—you could almost see him grow younger.

**SOME DAY** I'm going to enjoy that thrill of real financial independence myself. The Guardian Graph-Estate\* has showed me how to plan for "years of pleasure ahead"—showed me what life insurance can *really* do.

**ASK A GUARDIAN MAN** to bring you *your* Graph-Estate—and you'll see what I mean.

\*Patented by The Guardian Life Insurance Company of America

## THE GUARDIAN LIFE

### INSURANCE COMPANY OF AMERICA

A MUTUAL COMPANY · ESTABLISHED 1860 · NEW YORK CITY

**GUARDIAN OF AMERICAN FAMILIES FOR 80 YEARS**

The Guardian Life Insurance Company of America, Dept. B-2, 50 Union Sq., New York, N. Y.

Let me see my Graph-Estate.

Name \_\_\_\_\_

I understand that this does

Street \_\_\_\_\_

not obligate me in any way.

City \_\_\_\_\_

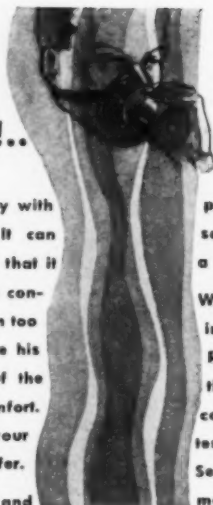
State \_\_\_\_\_



## HAND TO MOUTH !..

You can drive a man nearly crazy with a poorly designed Respirator. It can make normal breathing so tough that it either slows up his work or he is continually removing the Respirator. In too many cases he would rather take his chances with the subtle action of the dusts or fumes than stand the discomfort. In either way your investment in your plant and your men is bound to suffer.

It is the combination of comfort and



## The Sign of Trouble

protection that is absolutely necessary. One without the other makes a Respirator useless.

WILLSON has been a leader for years in the designing and developing of Respirators and maintains one of the best equipped laboratories in the country for scientific research and testing. Why not let WILLSON Safety Service check your safety equipment and problems? No obligation.



Style 200 Respirator shown in illustration is only one of many different types of Willson Respirators approved by The U. S. Bureau of Mines for industrial use.

RESPIRATORS •• GOGGLES •• HELMETS ••  
GAS MASKS

**WILLSON**  
DOUBLE  
PRODUCTS INCORPORATED  
READING, PA., U.S.A. Established 1870

Designed and Constructed by The Austin Co.

**Carey Elastite**  
EXPANSION JOINT

**Used to Prevent Telegraphing of Sound**

The Hollywood Studios of the National Broadcasting Company offer an example of the practical adaptability of Carey Elastite Expansion Joint to new uses. Here this premolded isolation joint was used to separate the concrete floors, laid on the ground, from the adjoining walls; also to separate different sections of the walls, the purpose in both cases being to prevent the telegraphing of sound from one part of the building to another. Write today for specifications of this versatile Carey Product—Address Department 29.

Hollywood Studios of N. B. C., in which Carey Elastite Expansion Joint was used.

**ASPHALT — ASBESTOS — MAGNESIA**  
Roofing •• Flooring •• Insulation •• Roof Coatings and Cement  
Waterproofing Materials •• Expansion Joints •• Asbestos Paper and Millboard

**THE PHILIP CAREY COMPANY** • Lockland, Cincinnati, Ohio  
Dependable Products Since 1873  
BRANCHES IN PRINCIPAL CITIES

applies to women, causes Sears to bar women from the plan in some states. Reason, in all instances: Deficit hours are too hard to make up. Nowhere, however, has Sears known an employee to quit to get out from under a deficit.

### Some State Laws Bar Plan

While surveying the effectiveness of the constant wage plans, Sears personnel men checked closely for possible conflicts with labor laws of the states. (Retail stores are not covered by the federal Wage-Hour Law.) Upshot was that Sears has withdrawn the constant wage plan from six states where state laws prohibit holdbacks of pay. In several other states, labor boards and attorney generals have ruled the Sears plan no holdback, have thus given it the green light. Stores from which the plan has been recently withdrawn on account of adverse laws are New York 26, New Jersey 4, Michigan 1, Wisconsin 5, Tennessee 2, California 1. Withdrawal of 7 stores in Ohio is in abeyance pending a ruling from the attorney general.

In only two of these states are the commissions definitely unsympathetic. Elsewhere, some commissions go as far as promising to urge amendments at the next legislative sessions to admit plans of the Sears type. Meanwhile, a Sears store in Olean, N. Y., and one in Racine, Wis., are experimentally retaining Plan C as it applies to payroll workers, cutting out the commission salesmen because of the holdback provision.

Extensions planned for the next few months are in states where the coast is completely clear, such as Pennsylvania, Alabama, Florida, North Carolina, Iowa, and Illinois. After all installations are completed in these states, lacking favorable rulings elsewhere, Sears may proceed in states with tough laws against holdbacks to install Plan E minus the provisions for accumulation of reserve hours and minus the provisions for commission salesmen.

## Peace at N. Y. Fair

**Pacts outlawing strikes in World of Tomorrow indicate pledge to exhibitors will be kept.**

WHILE RUMBLINGS of potential labor trouble in the entertainment field persisted this week, the World of Tomorrow settled last week its dispute with Actors' Equity and the stagehands' union, which threatened to close its amusement section. So effectively was the actors' row settled that it began to look as though a promise made to exhibitors would be kept. The promise was that there would be no labor hi-jacking at the New York World's Fair in 1940.

Behind that pledge was the fact that the Fair had trouble in convincing 1939 concessionaires to reopen their exhibits

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*John P. McNerney, superintendent of construction of the N. Y. World's Fair, sits on a hot spot this year—trying to keep both labor unions and exhibitors happy, as head of the Fair's labor relations department.*

this year. And a widely publicized estimate that excessive labor charges at the Fair last year had accounted for a cool \$4,000,000 in tribute to hungry unions made many prospective exhibitors wonder whether the show would be worth the cost and aggravation. To meet the situation, Harvey D. Gibson, chairman of the Fair's board of directors, set up last January a labor relations department and named John P. McNerney, superintendent of construction, as head. Gibson announced that the new department would see that nobody was gouged and that the peace was kept.

#### **Peace Agreements Lined Up**

First step was signing a blanket contract with the powerful New York local of the electricians' union, which specifically bans strikes, lockouts, and work stoppages in that important field. Next came a similar pact with the Building and Construction Trades Council, which had an estimated 20,000 of its members employed in 1939 by the Fair. The agreement with the nineteen unions in the Theatrical Alliance which closed last week's squabble with the actors over wage rates, carries the same strike and lockout prohibition that the Fair has made the basis for all its labor commitments. Next important union scheduled for conferences to negotiate an iron-clad peace treaty is that of the musicians.

In addition to negotiating basic agreements, the labor relations department serves as a clearing-house and agency of mediation. For example, an exhibitor may be told that he is not permitted to truck in equipment unless his vans are run by New York union men. He asks the labor relations department to advise

## **NORTON ABRASIVES**

### *Industry Demands Grinding Wheel Service*

Five Norton branch warehouses in industrial centers—over half a million Norton Grinding Wheels. Distributors stocks in 150 key cities. Over two million Norton Grinding Wheels in the factory stock rooms.

WHEN IT'S A GRINDING PROBLEM, CALL IN NORTON ENGINEERING SERVICE

## **NORTON COMPANY** WORCESTER, MASS.

BEHR-MANNING, TROY, N.Y. DIVISION OF NORTON COMPANY

## THERE'S A GOLD MINE IN THE SKY



For more than a quarter of a century, Cottrell Electrical Precipitators have been collecting values that were formerly lost in fugitive fume at smelters.

The Cottrell Process is the original, basic, universal method of collecting all kinds of solid and liquid particles suspended in any gas down to invisible, infinitesimal sizes, red hot or ice cold, wet or dry. Cottrells are outstanding equipment for all dust and fume producing industries: mining, rock products, power, gas, steel and chemical. Where the exceptionally high efficiency of Cottrells is not required, Multiclone mechanical collectors provide low cost dust recovery, handling any gas volume from a few c.f.m. to millions and collecting particles down to 3 microns or smaller. Write for new Bulletins on complete Dust Collecting Systems.



Cottrell Electrical Precipitator collecting sulphuric acid mist at smelter.

**WESTERN PRECIPITATION CORP.**  
1016 W. Ninth St., Los Angeles • 405 Lexington  
Ave., New York • 130 S. Dearborn St., Chicago

**PRECIPITATION CO. OF CANADA, LTD.**  
1010 St. Catherine St., W., Montreal

**MULTICLONE**  
DUST COLLECTORS  
**COTTRELL**  
ELECTRICAL PRECIPITATORS

him of his rights, and if it finds he's being played for a sucker they immediately contact the top officials of the union involved and call them to book.

The department already has functioned as an intermediary in settling differences between unions and exhibitors which had dangerous potentialities. While protecting the exhibitors, it is winning the respect of the unions.

### Akron Labor Flareup

**Rubber city watches tire strike after long calm and listens for further stirrings.**

AKRON, with more than its share of labor troubles in the past few years, watches intently the growing tension in the three-weeks old General Tire & Rubber Co. strike.

It's been two years next month since the growing pains of a lusty unionism flared in a pitched battle between pickets and police before Goodyear's massive iron gates in East Akron.

As yet, there's been no violence or disorder in this 1940 edition of the rubber industry disputes which opened April 8, when tire-builders left their machines in protest against pay rates on certain large-size earth-mover tires. Early last week, 70 police and several hundred pickets formed a gauntlet through which only the production workers entered the gates as the union gathered to forestall a rumored "back-to-work" movement. Boos and cat-calls marked that demonstration, and the epithet "scab," unheard these past two years, was hurled mockingly at the handful of men who entered the plant, the fifth largest unit in the rubber industry.

### 80% Out of Work

To date, negotiations and attempts to settle the dispute have failed, despite the efforts of David Roadley, United States Department of Labor conciliator, to bring officials of General Local 9, United Rubber Workers of America, and the company together. Coming at the start of the tire industry's prime sales season, the dispute has thrown an estimated 80% of the plant's 1,200 to 1,300 employees out of work.

How seriously the production stoppage may affect the firm's sales and profits outlook cannot be fully determined, but the company is believed to have high inventories of tires. Shipments of finished goods and receipt of materials and supplies at the plant were being allowed by the union.

Meanwhile, two other events were observed with mixed emotions in the rubber capital last week. One, the near-completion of contract negotiations of Goodrich Local 5 with officials of the B. F. Goodrich Co., was hailed with optimism by trade observers. The Goodrich local,

largest unit in the U.R.W.A., opened its negotiations last Dec. 20 with its old contract expiring at the year-end. Only a minor point regarding "learners" pay is as yet unsettled, union officials said.

The second event of the week was the announcement at an Akron labor rally by Allen S. Haywood, national organization director of C.I.O., that an intensive drive will be launched in the immediate future to organize the Goodyear Tire and Rubber Company's Akron plants. Referring to Goodyear Local 2, which has been ineffectual in its attempts to obtain a contract, Haywood said, "C.I.O. is ready to come in here and help rebuild this union."

### Annual Auto Wage?

**Recent U.A.W. contract with welding company may be straw in wind for G.M. negotiations.**

WITH THE LABOR BOARD's greatest election winding up at General Motors with fewer incidents than even the most optimistic could have expected, question is: What is the C.I.O. going to do with its impressive 3-1 victory?

Like any party about to meet a test at the polls, C.I.O.'s United Automobile Workers put on a whirlwind election campaign. They made pledges as to what they would deliver to the electorate. With the union all set to demand immediate negotiations with the company to write a new contract, the platform for which the auto workers cast 84,498 votes now becomes tremendously important.

Here's what the union is after: A general wage increase, recognition of a complete shop steward system, improved seniority provisions, vacations with pay, and a joint union-management study of disputed production standards. The ultimate goal, according to Walter P.



Secretary-Treasurer George Addes and President R. J. Thomas of the C.I.O.'s United Auto Workers are completely satisfied with the C.I.O.'s 3-to-1 victory in the Labor Board's G.M. election.



Reuther, director of the G.M. department of the C.I.O.-U.A.W., "is the payment of a fixed, guaranteed annual wage for all General Motors workers."

Straw in the wind may be a recent contract negotiated between the union and the Doyle & Wagner Welding Co. of Detroit. U.A.W. demanded and got guaranteed minimum annual wages for certain categories of workers. The union has always hoped for some bilateral annual wage plan, because auto labor has been subject to seasonal layoffs. For the same reason, drastic seasonal fluctuations in the industry's production curve, auto manufacturers have shied away from such plans as ruinously expensive.

If the Doyle & Wagner agreement suggests the kind of thing the union will ask for in forthcoming parleys with G.M., the conferences will be loaded with dynamite.

## Remington-Rand Row

**State's mediation offer is rejected by company. Union may file another complaint with NLRB.**

PICKET LINES and tear gas in Tonawanda, N. Y., last week kept Remington-Rand in the labor news.

On April 8 a stipulation of settlement, proposed by the National Labor Relations Board and agreed to by the company and the nineteen A.F.L. unions involved, disposed of one important phase of a controversy growing out of a 1936 strike. When the pact was signed, a new strike was under way at Tonawanda. In the stipulated settlement, the company agreed to disestablish nine associations characterized as company unions, agreed not to discourage membership in the A.F.L., and accepted arbitration in seven discharge cases, some of which date back to 1937.

Provoking the present clash is a union allegation that a member has been unfairly discharged and that the company won't negotiate the issue. About 400 workers are now out, and the old charge that the company is bringing in strike-breakers from other plants is being heard.

Gov. Lehman of New York asked the State Mediation Board to try its hand at getting the men back to work. This week the Board reported that its offer to mediate had been refused by Remington-Rand; meaning under New York law (which provides that if either party doesn't want mediation the Board must retire) that the next step might be a union complaint to the National Labor Relations Board—and probably the re-enactment of the whole R.-R. cycle.

## P. S.

AN INTERMEDIATE REPORT of the Labor Board examiner in the Dallas Ford case accuses the company of most of the

## HOW TO WIN CONFIDENCE AND INFLUENCE SALES

*for products made from Steel*



That product you so carefully make — is there anything more you can do to inspire consumer confidence in its worth or make it easier for the retailer to sell it? Read this.

**H**ERE'S a plan which is working out so well that several hundred manufacturers are already making use of it. To those using U·S·S Steels, the opportunity is given to mark their finished products with the U·S·S Quality Symbol and thus tie their product in with the greatest steel merchandising campaign ever attempted. It won't cost you a cent. We even supply the labels.

It is easy to see how this program wins customer confidence and influences sales, because it is supported by a national advertising campaign which tells the American public what this quality symbol means, what it looks like and where to find it.

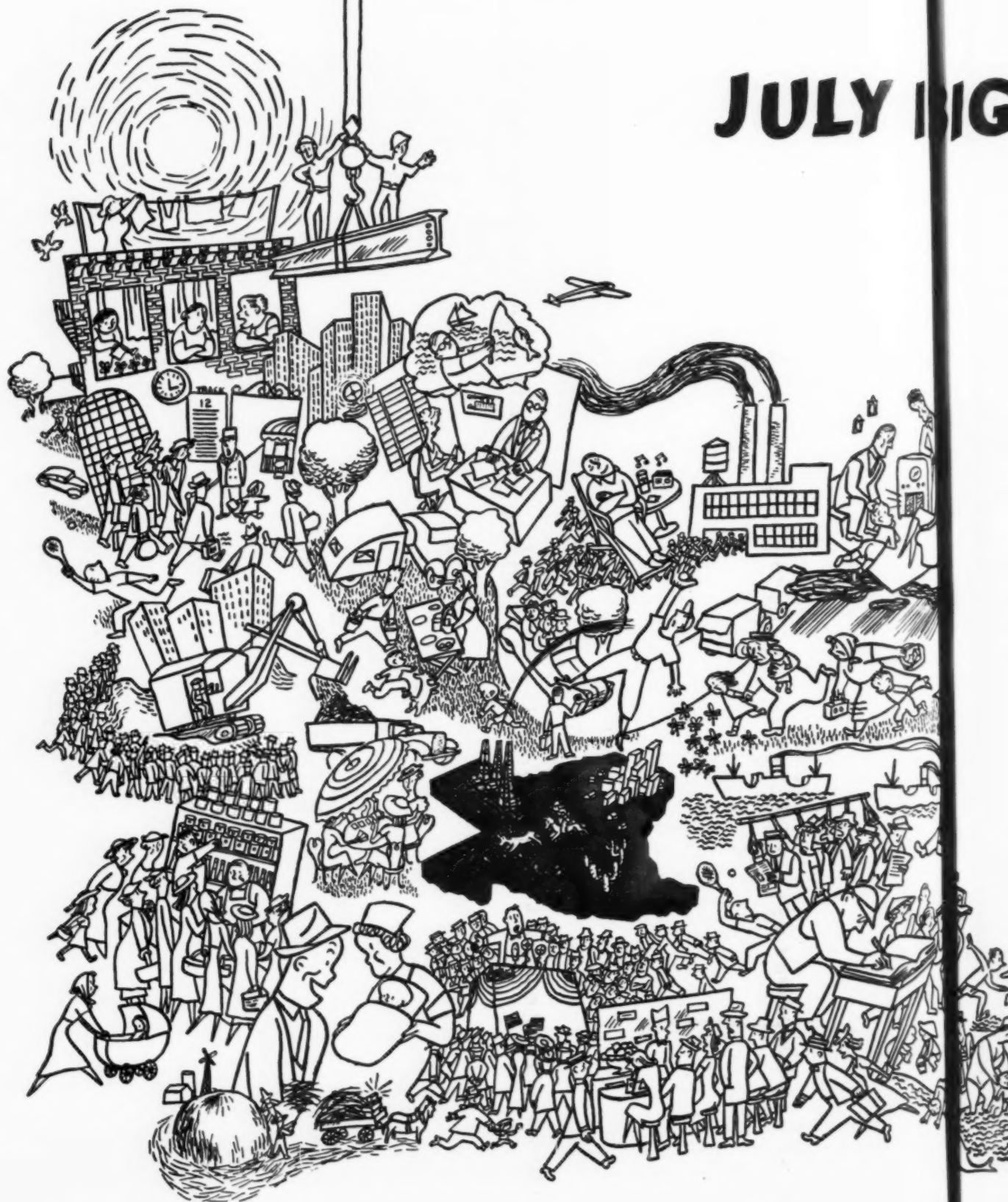


**THIS IS A U·S·S QUALITY SYMBOL.** Similar ones are available suited to special steels, such as U·S·S VITREXAMPEL, Stainless, Copper Steel, Spring Wire, etc. They are being merchandised to the retail trade, architects, home builders — a complete promotion plan — absolutely without cost to qualified users of U·S·S Steels.

AMERICAN STEEL & WIRE COMPANY, Cleveland, Chicago and New York  
CARNEGIE-ILLINOIS STEEL CORPORATION, Pittsburgh and Chicago  
COLUMBIA STEEL COMPANY, San Francisco  
CYCLONE FENCE COMPANY, Waukegan, Ill.  
TENNESSEE COAL, IRON & RAILROAD COMPANY, Birmingham  
Scully Steel Products Company, Chicago, Warehouse Distributors  
United States Steel Export Company, New York

# UNITED STATES STEEL

JULY 1918



### How many sales does it take to make a *market*?

Look at it any way you wish. Compare retail sales, payrolls or production. July is the bigger market. To ignore July . . . to do nothing about protecting your interests in *this* market . . . is like defaulting in Chicago, Philadelphia and Boston *combined*. July is bigger than the three of them.

So an old tradition dies . . . easily. The tradition that it makes sense for an advertiser to fight desperately for his share, say, of Illinois . . . and then do nothing to protect himself in a market *three times as big*: June, July and August!

That strange tradition has been blasted higher than the summer sky. Blasted by radio, which has changed the face of summer. Radio has broken the chains that bound advertising to time or place. Radio has made it economically possible to cover *every* market *every* week and *every* month; to do it with a regularity, a frequency, a *mass* coverage no practical budget can buy anywhere else. In summer as in winter.

There are now 6,500,000 *automobile*-radios on the road. There are 1,000,000 *more* of the new portable sets, travelling wherever America travels. And 21,900,000 radio families are *known* to be listening at *home*, each summer *day*!

Clearly, radio listening is no exception to the habits that make this nation a market. People eat and dress, work and have babies, shop and spend throughout the year. For the vast *bulk* of families, summer makes little change in the daily routine. It perhaps puts an extra stress on *relaxation*. And that only makes radio more than ever important! It's so *easy* to listen . . .

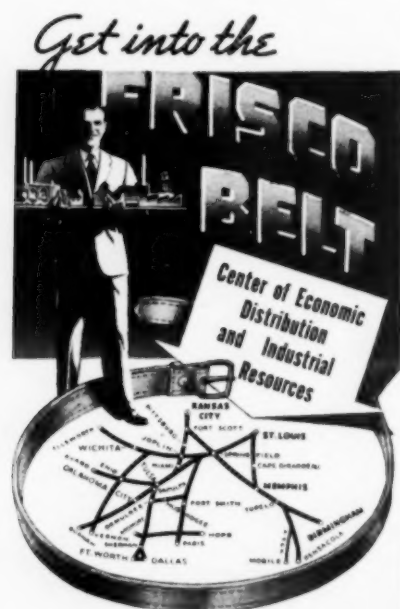
Small wonder, then, that CBS *summer* advertising in 1939 leaped to a new high, 53% above 1938! Because the Columbia Network covers the *vital summer market* more completely and economically than was possible even a few short years ago.\*

So there's now *no* reason to give up the extra sales you *might* be making in June, July and August. Radio makes them as easy to get . . . and to protect . . . *in summer as in any other season of the year.*

## COLUMBIA BROADCASTING SYSTEM

\*The data in this CBS advertisement are taken from the most authoritative available sources. If you would like to make a specific analysis of summer advertising in relation to your markets we'll be happy to assist you, with considerably amplified facts and figures.





## A Ready-Made Market of 16 Million People!

Any manufacturer interested in reducing costs of production and distribution, under agreeable labor conditions, will do well to get ALL the facts about the industrial development of this vast, vigorous and fast-growing area—served by Frisco First. The official data on available hydroelectric and fuel power, raw materials—are too fabulous for treatment in this limited space.

Industries depending upon agriculture will find, in the Frisco Belt, ideal soil and climatic conditions for the production of needful commodities. Within the past few years alone, diversified industries representing a capital investment of \$100,000,000 have established plants in this area. Your inquiry will bring prompt and complete information.

MISSOURI, ARKANSAS, OKLAHOMA, TEXAS, KANSAS, TENNESSEE, MISSISSIPPI, ALABAMA, FLORIDA ARE FRISCOBELT STATES.

Industrial Department, Frisco Lines  
818 Frisco Bldg., St. Louis, Mo.



crimes in the NLRB book. Hearing grew out of the union complaint that Ford was intimidating union members and discouraging membership. The intermediate report goes now to the Board for review, and thence, it is safe to guess, to the courts. That the union will make hay out of the report as it presses its campaign to organize Ford goes without saying. . . . C.I.O.'s DEFEAT in the hotly contested Consolidated Edison Labor Board vote by an independent union, does not mean C.I.O. will retire from the public utility field. It plans to contest the election and has said, "We will not abandon the 9,729 Edison workers who voted to be represented by us." . . . THE SEASON WILL SOON open for personnel, industrial relations,

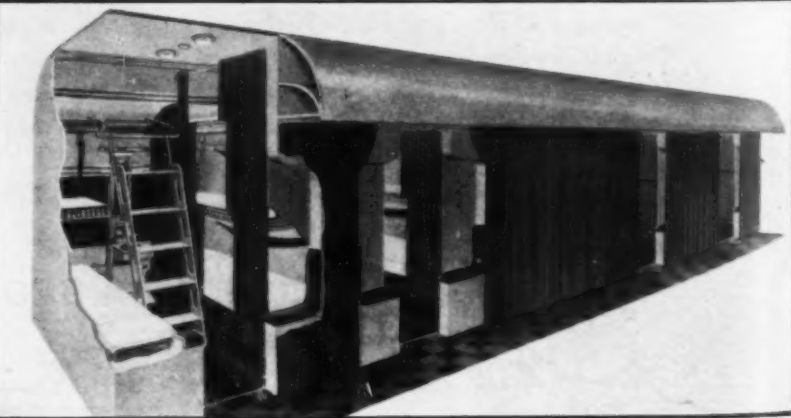
and management policy conferences, round tables and institutes. Already announced are the Tenth Stevens Conference on Management Problems, June 22 to 30 at Johnsonburg, N. J., under Stevens Institute auspices, and the July and August Work Simplification Conference at Lake Placid under Allan H. Mogenssen's direction. . . . GOLDBLATT's Chicago department store has branches in Indiana, and the Wages and Hours Administration contends that 1,000 warehouse employees of the company are handling goods going to Indiana stores. This, says Wage-Hour, puts them in interstate commerce. Result: a request for an injunction against Goldblatt (on the ground the law is being violated) to get a test case.

### Pullman Produces the "Coach-Sleeper"



ALL CLAIMS to the contrary, daylight streamliners and overnight deluxe all-coach trains actually pull passengers from sleeping cars. Last week the Pullman Co. made its first pass at winning back budget-minded sitter-uppers, and announced for June use its two triple-decker coach-sleepers, which have long been a-building (*BW—Mar 23 '40, p. 4*). An aisle runs along one side of these cars, as in a room-car, and gives access to five 3-passenger and five 6-passenger compartments. Each com-

partment has its own wash basin, and can be curtained from the aisle while passengers dress. Berths run crosswise, and are individually air-conditioned and lighted. Uppers are stationary, lowers are made on the seat, and intermediates dropped from above. During the day passengers occupy adjustable upholstered seats. Pullman is hoping the railroads will let coach-sleeper passengers ride on coach tickets without surcharge, and is planning ways to 'hold its own berth prices low.



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## MARKETING

ADVERTISING • MERCHANDISING • SELLING

## The Pause That Refreshes

**Coca-Cola took one last week to announce earnings of \$29,000,000, to inspect the trademark front, and to eye a waxing rival.**

IN A FEW MORE WEEKS, when the hot weather gets under way, millions of Americans will start stepping up the pace at which they plunk down nickels on the counters of soda fountains, hot dog stands, thousands of greater and lesser eateries—not to mention such varied outlets as grocery stores and gas stations—for the ubiquitous soft drink that, bottled and unbottled, has come as close to being the national drink as anything the U. S. has. Those nickels will add up to an annual business that is running currently to well over \$600,000,000.

Prime testimony last week on the proportions of the soft drink industry was the 1939 annual report of the Coca-Cola Co., which has been king of the roost for more than 20 years. The report revealed: a net profit of \$29,030,374—an increase of 13.5% over 1938, of 102.6% over 1934, of 127.5% over 1929, of 409.2% over 1924.

More indicative than cold figures of the place Coca-Cola occupies in American life was a sentence in the accompanying statement of R. W. Woodruff, chairman of the board: "For more than fifty years our talents and resources have been devoted to the making of a product of the highest quality, available everywhere, and we are mindful of the responsibility which the public confidence in Coca-Cola places upon us." This sounds like grandiose language for a 5¢ drink which most people would classify as a luxury and an indulgence, rather than a necessity of life. But an examination of the history of Coca-Cola seems to excuse it.

## Explaining the Phenomenon

Simplest explanation for the whopping sales of the reddish brown syrup invented and first marketed by Dr. J. S. Pemberton, Atlanta pharmacist, in 1886, is that people like the stuff. Very evident, however, are other factors which have contributed heavily to the Coca-Cola phenomenon.

First of these is the simplicity of the product and the comparative ease of keeping it uniform. Basically, it is a sugar and water syrup to which flavoring and coloring (including ingredients from the cocoa leaf and the kola nut, which

the company claims aren't essential) have been added according to a secret formula. Only essential raw material which has ever caused trouble is sugar. Profits shrank during, and immediately after, the last war when sugar prices skyrocketed. Today, the world's biggest user of sugar—200,000,000 lbs. last year—has built up such a big reserve supply that a jump in the sugar price is no longer a menace.

## Uniformity Is Safeguarded

Further example of Coca-Cola's simplicity is the slightness of its labor problem. The Atlanta plant—largest of the company's 12 syrup factories, in the U. S. and abroad—has some 80 employees, all of them, with the exception of a few chemists, unskilled laborers. Only one thing, improper serving, can interfere with the uniform quality of what Supreme Court Justice Oliver Wendell Holmes defined as "a single thing, coming from a single source, and well known to the community." To keep check on fountain drinks—bottled drinks are standard—the Coca-Cola Co. sends out servicemen whose whole duty consists in making sure that Coca-Cola is served at the right temperature, with the right amount of ice, and a balanced proportion of syrup and carbonated water. To keep fountain drinks uniform, Coca-Cola now promotes dispensers which insure a standard shot of syrup. So far, these have gone into some 15,000 fountain outlets.

Obviously, a big share of the credit for Coca-Cola's success goes to its far-flung advertising. Advertising Manager Price Gilbert, Jr., describes it with the help of a high-flying musical simile. Good advertising—more specifically, Coca-Cola's advertising—says Mr. Gilbert, is like Beethoven's Fifth Symphony, the constant repetition, with frequent variations, of a basic theme. Coca-Cola's makers have never tried to branch out with claims that it would soothe the nerves, aid the digestion, or enhance the personality. Refreshment is the company's story and it has stuck to it, in magazines, displays, newspapers, and in the 15-minute transcribed radio program that goes out five times a week over 178 stations and which Coca-Cola believes is the biggest com-

## DOES YOUR COMPANY HAVE A LOAN PLAN FOR EMPLOYEES?

YOU or other executives of your company have probably given much thought to the question of employee loans. Perhaps your company has even worked out a plan to provide funds when workers must borrow to meet emergencies. But most companies feel that they are hardly prepared to cope with the many problems of family financing—that this service can better be provided by a special lending organization.

## Loan service for wage earners

Such an organization is the modern small loan company. In twenty-three states Household Finance provides a source of small loans—at reasonable cost—for families of modest incomes.

State laws regulate the operation of the family finance company. These laws are usually patterned on the Uniform Small Loan Law, a model law drafted and several times revised by the Russell Sage Foundation. For years this impartial organization has been making a study of the small borrower's problem and how to solve it.

## How workers borrow and repay

At Household Finance responsible workers can borrow \$20 to \$300 on their character and earning ability. No endorser or bankable security is needed. No wage assignment is taken. Borrowers repay their loans in convenient monthly installments. Below are some typical loan plans.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	18 mos. loan	24 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in New York and ten other states. Due to local conditions, rates elsewhere vary slightly.

## Families get more for their dollars

Household believes that families should avoid unnecessary debt. So Household teaches and encourages home money management. The Household Finance booklets on budgeting and better buymanship have shown thousands of families how to get more for their dollars. Hundreds of schools and colleges now use these practical publications as texts.

Wouldn't you like to know more about this service for your employees? The coupon will bring detailed information. No obligation!

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Headquarters: 919 N. Michigan Ave., Chicago  
"Doctor of Family Finances"

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919 N. Michigan Ave., Chicago, Ill.

Please tell me more about your loan service for wage earners—without obligation.

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Address.....

City.....State.....



Yes sir, here's a regular giant! He can lift up to a ton, pile up to a 14 ft. ceiling and does the job for less than 25c an hour, works 24 hours a day, every day.

**MOBILIFTS** are modernizing "inside" transportation as motor trucks have speeded up "outside" traffic. Light in weight, small enough to enter trucks, freight cars, they solve material handling problems in business, large and small.

Write for complete details regarding **MOBILIFT**. Prices begin around \$1000 at factory. Vaughan Motor Co., 839 S. E. Main, Portland, Oregon.



mercial transcribed program on record. Noteworthy is the fact that the Coca-Cola account has been with the same agency, D'Arcy, for 34 years.

### "A Public Utility"

If Coca-Cola's merchandising policy has not been tinged with violently competitive tactics, it is chiefly because all good Coca-Cola men regard their product less as a soft drink than as a public utility. Their ideal is a point in time at which any person, anywhere in the country (or, for that matter in the world, since nearly 10% of Coca-Cola's total sales are now made abroad), can reach out a hand and bring it back holding a bottle of Coca-Cola; the taste is already there, and the company's foremost duty is to cater to it. It is for this reason that heaviest advertising goes to point-of-sale display, and, to this end, Coca-Cola has contributed to the soft drink industry such merchandising devices as the six-bottle carton, the cooler, and the automatic dispenser. And to bolster the company's belief that Coca-Cola is good anywhere, at any time, are such ads as the one showing a bride, in full regalia, drinking Coca-Cola; or the shot in Coca-Cola's new technicolor film, "Refreshment through the Years," which has a steel worker perched on a girder, hauling up a bottle on a rope.

Another potent factor in Coca-Cola's steady climb has been the studious effort to keep the parent company from becoming top-heavy. Of the 1,100-odd Coca-Cola bottling plants, scattered over the U. S. and serving close to 1,000,000 outlets, less than 25 are owned by the Coca-Cola Co. The rest are operated on franchises.

A point of pride, and profit, to the Coca-Cola Co. is the fact that its bottlers are, in the main, local men. Merchandising and local advertising are handled by the bottler, and for this reason it is difficult to estimate the grand total spent on promotion. A good guess would be around \$8,000,000 a year.

### Employees Sold on Product

Coca-Cola sells only via jobbers to its 100,000 fountain outlets. The job of company servicemen is to train, not sell. And among all the men in the far-flung Coca-Cola industry there has been built a phenomenal loyalty. They give the impression that every man in the business is thoroughly sold on Coca-Cola, quite aside from any professional connection—and the nickels roll in. Coca-Cola's steady sales increases are testimony to the fact that the soft drink industry has continued to wax fat and sassy in spite of depression and repeal, thereby selling Wall Street short. Fact is, Coca-Cola men say repeal simply added thousands of new outlets. And if there is a saturation point for soft drinks, it's not in sight.

Of the hundreds who have eyed the

### Mr. Lang Steps Up



**CHESTER H. LANG**, manager of General Electric's advertising and sales promotion activities since 1932, has just been made manager of apparatus sales and vice-chairman of the company's Apparatus Sales Committee. A G.E. employee since 1919, when he went to work as a traveling auditor, Mr. Lang in 1922 became assistant manager of the publicity department, was named controller of the budget in 1926. In 1932, when he was made ad manager, he organized G.E.'s market research bureau. His new job is a newly-created one, and the apparatus he now manages ranges from the biggest G.E. turbine all the way to the smallest motor.

flourishing soft drink field, a good proportion have looked specifically to Coca-Cola and tried to figure a way of cutting themselves in for a slice of its market. Some of these have collapsed under their own power. Some have been helped to their end by Coca-Cola's action in defense of its trademark (since 1907 Coca-Cola has won decisions against some 80 "coca" or "cola" drinks). A few have continued to thrive. But until recently, none of them has had the distribution to bother Coca-Cola greatly.

In the past ten years, however, a rival has grown up which has given Coca-Cola more headaches than all other competitors put together—Pepsi-Cola. Pepsi-Cola came out of the South almost contemporaneously with Coca-Cola, but its path, until a few years ago, was not so smooth. In 1931 Charles G. Guth, president of Loft, Inc. (candy stores), got piqued at Coca-Cola's refusal to sell syrup for Loft's fountains direct, instead of through jobbers. He bought up the trademark to then-dormant Pepsi-Cola and proceeded to revamp it for all his stores (BW—Aug 6 '38, p21).

In spite of domestic difficulties, which began in 1935 when Loft sued Guth for



control of Pepsi-Cola on the grounds that he had used the company's money to buy up the trademark, Pepsi-Cola prospered. In 1939, with Loft finally in full control and W. S. Mack, Jr., president of Phoenix Securities Corp. at its head (bringing further legal wrangles over stockholders' charges that Phoenix had gained control of Loft by buying stock below the market price), Pepsi-Cola wound up with a net income for the year of \$5,650,139.31. This represented an increase of 73% over 1938. Coca-Cola's gain was 13.5% but its net profit was \$29,030,374.

#### All the Way to Privy Council

Coca-Cola has fought Pepsi-Cola ever since 1932, on the grounds of infringement of trademark, imitation of product and merchandising. In 1938 the Exchequer Court of Canada upheld Coca-Cola in an infringement fight. Pepsi-Cola appealed, and the Dominion Supreme Court reversed the decision. Coca-Cola is now petitioning to bring the case before the Empire's final authority—the Privy Council in London.

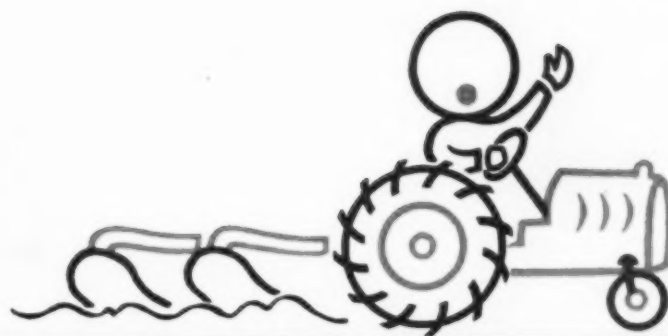
After the Exchequer Court decision, Pepsi-Cola decided to try the shoe on the other foot and filed suit against Coca-Cola in Queens County, N. Y., on the charge of interference with Pepsi-Cola's sales. Coca-Cola promptly filed counter-suit and the two cases will be tried concurrently, probably this year. Undoubtedly, the fight, which is being prosecuted on Pepsi-Cola's home ground, will be hot. The Supreme Court, which recognized the validity of the trademark "Coca-Cola" in 1920, will probably be asked to review the decision, whichever way it goes.

#### Five Rivals Lose Out

To back up its stand in the Queens action, Coca-Cola will cite a recent decision of the U. S. District Court of Maryland, which delved deep into previous decisions and trademark law as applied to the Coca-Cola record, and came up with a decision for Coca-Cola against five drinks: Marbert Cola, Dixi-Cola, Apola Cola, Lola Cola, and plain Kola. Quoting liberally from previous cases, the judge's decision wound up by agreeing with Justice Holmes who said of Coca-Cola that "the drink characterizes the name as much as the name the drink," and decided that the names of the defendants' products were based on a desire to cash in on Coca-Cola's profits rather than on the coloring and other ingredients used in their drinks.

In the meantime, Coca-Cola and Pepsi-Cola will continue to fight it out on the merchandising front. Coca-Cola will bear down harder than ever on its old refreshment story. Pepsi-Cola is sinking over \$1,000,000 in its current advertising campaign (\$300,000 alone for a sky-writing contract), still plugs its 5¢ 12-ounce bottle as against Coca-Cola's six ounces.

Just how much of Coca-Cola's market Pepsi-Cola has snatched no one knows.



## A TIP FROM THE PLOWMAN

The fertility of any market depends, like the farmer's field, upon its proper cultivation. He uses a dozen implements to insure a satisfactory yield.

Are you using all your tools to develop your crop for harvest?

In the fields you contact by mail, and that includes all your accounts, every buyer of your product gets a mental picture of your business. This may or may not be a true picture. A good quality rag content letterhead will help give your customers the right impression of your business—and your office forms and business records will last longer and perform better on a Neenah Ledger or Index.

Over a million pounds per month of Neenah's economical, guaranteed, mill brand papers are plowing up business for someone. Are they cultivating acreage which should be yours?

Write on your letterhead for Neenah's "Portfolio of Prize Letterheads" and witness the right way to create customer goodwill. Then ask your printer or lithographer to recommend a Neenah fine business paper that will help increase your sales.

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AND OUR  
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WORRIES  
ARE OVER!**

"WE were trusting to luck—and it wasn't comfortable. Our plant was exposed to thieves and marauders night and day. We had some losses from thievery—and what was worse, we were always worrying about what might happen.

"Fence looked like the best answer—so we called in Cyclone. Their recommendation fitted our needs exactly—and the price was right. Those fellows certainly put up a sturdy fence. The posts are set in concrete and the mesh is stretched tight. It's a good-looking fence that is sure to command respect.

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United States Steel Export Company, New York

**UNITED STATES STEEL**

Some bystanders put its sales as high as 25% of Coca-Cola's but the latter concedes only about 10%. So far Pepsi-Cola's distribution, with 400 bottlers, falls far short of its competitor's. Pepsi-Cola's sales have been heaviest in the New York market, where the 12-ounce bottle, backed by heavy promotion, has appealed to economy-minded metropolitanites. Last year, Pepsi-Cola advertising bragged of leadership in the New York area. But Coca-Cola men reply that their New York bottler served only the immediate territory, whereas the Pepsi-Cola plant was shipping to a far larger area. Since the sales of Coca-Cola Bottling Co. of New York were up 27%, it's evident no one suffered. An indication that the 12-oz. bottle is catching is the switchover of Canada Dry's Spur, which started out a year ago offering 8 oz. Coca-Cola men maintain that the average person doesn't want more than six ounces, and that their bottle will keep its familiar size.

### Youth Serves Field's

**Four men, aged 34 to 41, are advanced to posts grooming them for future direction of firm.**

WHEN JAMES SIMPSON resumed direction of Marshall Field & Co., in 1937, he steered toward two objectives. He wanted to earn money for stockholders who had almost forgotten what a dividend check looked like. And he felt the need for an executive staff that could translate his stabilizing policies into profit-making ideas and keep these working through the years.

Simpson died last November, but his plans move forward. Results can be measured in money, for Field's financial health has become robust. The emphasis has returned to retailing, where everyone now agrees it belongs. All arrears on preferred stock are paid. Dividends are being earned and paid on the common shares, and President Frederick D. Corley at the annual meeting hinted strongly of extra dividends to come.

#### In the Front Rank

From promotions, transfers, and reshuffling of duties, this month emerges the stable pattern of management which close-in observers have been expecting. Four comparative youngsters, all of them old Field hands, are now lined up in the front rank, ready to take some of the heavy duties off the shoulders of such veterans as Corley and Merchandising Vice-President Charles C. Bunker.

First Vice-President Hughston M. McBain, 38-year-old go-getter, has long been the side line coaches' choice as next in line of succession. Now their guess is confirmed, for he has moved up to the biggest job after Corley's. He has shifted his desk to the State Street store, where employees can get used to seeing him



*Hughston McBain, first vice-president and second in command at Marshall Field & Co., is now general manager of all Field's Chicago and suburban stores.*

run the show as general manager of all Chicago and suburban stores.

At McBain's right hand sits new Vice-President James L. Palmer, 41 years old, who went to Field's research department from the business faculty of the University of Chicago. Palmer now takes centralized responsibility for personnel, service, and expense functions. New Vice-President Wilbur C. Munnecke at 34 heads the manufacturing division from the New York office. Earl Kribben, 37-year-old who was formerly Simpson's private secretary, as secretary-treasurer now presides over finances and paper-work activities in the corporation offices at the Merchandise Mart.

The promotions indicate that wounds left over from major surgery of bygone years have healed. Lopping off the money-losing wholesale and manufacturing departments scrapped many a lifetime Field career. The subsequent shearing of overhead sent searching for employment many a man brought in for a big job just a year or two before. Consequence was that in imagination many a Field man who was perfectly safe kept feeling the cold edge of the axe on the back of his neck. Now it appears that these tribulations are definitely relegated to the past. The four young men who constitute the management directly under Fred Corley are too level-headed to risk disturbing the stability that their firm has regained in money and morale.

### Fruits of Smoke Law

ST. LOUIS' TERMINAL RAILROAD this week announced its intention of ordering 10 new diesel electric engines costing \$700,000 as its "first major step in co-operating with the city's smoke elimination program." The new equipment will replace 17 coal-burning locomotives.

## Planes by the Million

General Mills is distributing 6,400,000 rubber-powered models to promote sale of Wheaties.

The biggest airplane manufacturer in the world is—General Mills. The giant food company has just completed making 6,400,000 model airplanes "that will actually fly," and is now busy distributing them to the boys and girls of America as premiums with Wheaties, "the breakfast of champions." Beyond doubt, says General Mills, this is the most pretentious premium offer ever made.

Airplanes as premiums aren't new, of course. But usually the planes have come knocked-down, to be assembled after they were taken home. This had several disadvantages. A child had to be a pretty good amateur mechanic, or he might become discouraged and never put the airplane together. Equally important, unassembled planes haven't had much value as attention-getters in stores. The Wheaties "Jack Armstrong Sky Rangers" overcome both these disadvantages. Made of shining aluminum, they have real eye appeal. And the propellers are all greased, ready to be turned over by the rubber-band motors.

### Preferred to Doorstep Sampling

Scott-Atwater Manufacturing Co., of Minneapolis, made the planes for General Mills. Special machinery was installed, a streamlined production line set up, and 400 workers were engaged for the winter in turning out the record premium. Top manufacturing speed was 125,000 of the planes a day.

An old hand at premiums, General Mills feels that this is its best ever, prefers this method of sampling to distributing four-ounce packages on the doorsteps of thousands of homes. To get an airplane, the customer must buy two full-size packages of Wheaties. General Mills figures that by the time any family has eaten its way through two packages, the chances are its members will be Wheaties addicts. What's more, grocers look far more favorably on this kind of a deal, which pulls people into their stores, than they do on house-to-house sampling.

### Tested—As Sales-Pushers

Before placing the record order, General Mills did more airplane testing than the Allied buying missions. The miniature planes were put in 1,300 stores throughout the country in order to test the demand for such a premium. They went like hot cakes.

The premium was first announced April 18, through General Mills' radio programs and magazine advertising. On the basis of early reports, and testing experience, the company thinks the planes will be sold out by next week, and one child out of every three in the country,

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in your Plant or Office of

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This RLM Label gives added assurance of lighting reflector quality and warranted performance. Write for booklet "The Meaning of the RLM Label".

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**EXPERIENCE** the new sensation of restfulness . . . comfort . . . and ease of seeing provided by the light from these Daylight or White Lamps.

**LEARN** all about the ECONOMY of Benjamin Fluorescent Lighting.

**SEE HOW** the COLD LIGHT generated by Fluorescent Lamps eliminates annoying heat radiations!

**FIND OUT WHERE** you can use this new lighting to best advantage.

**FIND OUT THIS QUICK EASY WAY HOW FLUORESCENT LIGHTING CAN SERVE YOU!**

Through this Benjamin demonstration you will learn everything that is important to know about Fluorescent Lighting . . . How it provides a new lower cost way of obtaining higher levels of illumination for entire rooms as well as localized work areas . . . How the low brightness and extreme diffusion reduces glare to a new low minimum . . . How the elimination of annoying radiant heat (75% less than that of

other forms of lighting) makes Fluorescent Lighting ideal where lighting units are mounted low and for air conditioned locations . . . How for operations involving color the exceptionally fine daylight quality of this light is not only more effective but more economical.

At the same time, you will secure first hand information on the efficiency, installation ease, and operating economy of the Benjamin RLM Stream-Liter which have made it the leading Fluorescent Lighting Unit for general plant and utilitarian illumination.

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Without cost or obligation on your part, we will send you a complete descriptive Bulletin on Benjamin Fluorescent Lighting as provided by the RLM-STREAM-LITER and other Benjamin Fluorescent Lighting Equipment; a copy of The Manual of Factory Lighting Practice containing the solutions to 30 lighting problems; and complete information on how a Free Stream-Liter Demonstration may be arranged for your office or plant. Write your request for Bulletins and demonstration details now to Benjamin Electric Mfg. Co., Des Plaines, Illinois.

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THE NATIONAL BOARD OF FIRE UNDERWRITERS  
85 John Street, New York      Established 1866

between five and fifteen, will own a Jack Armstrong Sky Ranger—and be munching Wheaties.

### New Hampshire Movie

CAREFULLY TIMED to reach the public just as it is beginning to think of that two weeks' vacation in August is the one-reel film, "New Hampshire—the Ninth State" (reference is to the order of entry into the U.S.). Made to order for the state's Planning and Development Commission by Emerson York, the picture is being distributed nationally by Columbia Pictures Corp. Indicative of the new professional touch in state publicity is the fact that the film is in technicolor with a complete, especially arranged musical score. New Hampshire

brings up to 14 the number of states using movies to advertise their attractions (BW—Mar 23 '40, p 40). York alone has had feelers from five more.

Two states, Maryland and Oklahoma, will use money from stamp sales to boost their publicity budgets. Maryland will sell its stamps via the State Publicity Commission at 25¢ for a block of 25, hopes to raise \$25,000 this way. In Oklahoma, hotel men are sponsoring the plan, distributing stamps at a cent apiece. Oklahoma hopes its publicity will up the state's tourist income from \$32,000,000 to \$50,000,000 a year.

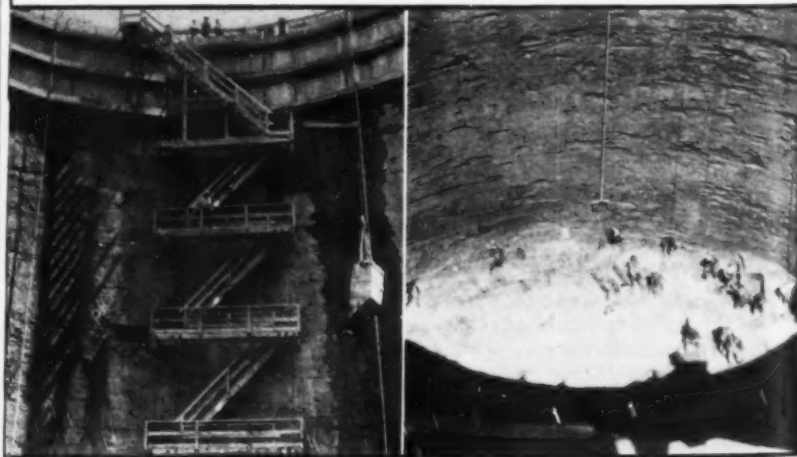
One travel scheme, the American Hotel Association's "Travel-America Dollar," has quietly folded. Secretary Morgenthau did not find it consistent with the Treasury's dignity.

### A Well on a Large Scale



THEY CALL THIS "the biggest well in the world" in Cleveland, where the WPA is finishing it as part of a new waterworks plant; 113 feet in diameter, and 110 feet deep, it is the intake of a 72-acre plant that will furnish the Cleveland area up to 200,000,000 gal-

lons more water a day. Below, at the left, the stairway which now runs down the well; and right, the bottom. It took approximately 12 tons of dynamite to blast that hole. Its only rival is claimed to be that at the Ford plant in River Rouge.





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Under our offer get all six books on approval. Read them, make comparisons, look up specific problems, use them exactly as you would after purchase. If this 10-day test shows value for you, go right on using the books, paying in easy installments meantime, at the rate of only a few cents a day. A simple step, but full of promise and possibility for you; send the coupon today.

#### EXAMINATION PRIVILEGE COUPON — MAIL IT TODAY

McGraw-Hill Book Co., Inc., 330 W. 42nd St., New York, N. Y.

Send me Milton Wright's **LIBRARY OF BUSINESS MANAGEMENT**, 6 volumes, for 10 days' examination on approval. In 10 days I will send \$3.00, and \$3.00 monthly until \$15.00 is paid, or return the books postpaid. (To insure prompt shipment write plainly and fill in all lines.)

Name .....

Address ..... Position .....

City and State..... Company..... BW-4-27-40

came out on top in the 1939 merchandising picture: (1) Stores which did only cash business chalked up an average sales increase of 4.3% over 1938; charge stores were up 1.7%. (2) Stores which did no delivery business showed a 2.3% sales increase; delivery stores were slightly under with 2.2%. (3) Sales of grocery and general stores were off 0.3% and 0.5% respectively, but sales of combination stores were up 3.2%. (4) Complete self-service stores upped their sales 3.7%; semi-self-service, 1.7%; counter stores, 2.3%.

The *Progressive Grocer* estimates that the Great Atlantic and Pacific Tea Co., which has led the field in opening supermarkets since 1938, upped its sales last year some 15% or 16% over 1938—giving it bigger sales increases than all the other chains combined.

#### Women Write the Label

ABOUT A YEAR AGO, Derby Foods, Inc., asked 20-some consumer leaders to criticize the labels on the Derby line of canned meats. Nineteen women of some standing in consumer work formed the Derby Advisory Label Committee, began picking apart the labels the company was then using, helped design more informative ones. The work is now done, and Derby is readying a booklet to be sent to consumer groups, telling the story of the new labels and suggesting that "only as women encourage [such] right practices can they be maintained under competitive conditions."

Derby's new labels are not grade labels—with the A, B, C ratings dear to the heart of many a consumer leader—but the company says they give the kind of information its consumer-helpers wanted. Derby lists the committee's recommendations in this order: quantity in cupfuls, pieces, or servings; suggestions and recipes for serving; list of ingredients; proportion of meat and other ingredients; whether the product is skinless, boneless, etc.; kind of cut; and a more accurate picture on label.

#### Givers and Their Gifts

DOES YOUR COMPANY give business presents at Christmas? Out of 248 executives answering this question recently, 180 or 72.5% said "Yes," 68 or 27.5% said "No."

One hundred fifty of the firms gave the presents to employees, 103 gave them to customers, and 73 gave them to both. One hundred forty-seven reported that they gave the presents every year, 26 said "some years," while seven did not say how regularly the custom was observed.

Frequency of various types of gifts (with some firms using more than one type) was indicated as follows: cash, 63 firms; edibles, 42; desk or office articles, 37; smoking equipment, 33; leather goods-



novelties, 21; wearing apparel-jewelry, 18; liquor, 9; books-magazines, 8.

The average cost of presents reported by 158 companies is \$6.03 (100 of the companies spend \$2.50 or more for each gift). One hundred fifty-three companies give an average of 230 presents.

### Fair Trade Law Assailed

DENVER PAPERS are carrying ads signed by the Consumers' Protective Council, Inc., hitting at Colorado's fair trade and unfair practice laws. Sponsors are grocery supermarkets and cut-rate drug stores. The ads are apparently the first step in a drive to put on next fall's ballot, through the initiative, a repealer to the state's fair trade and unfair practice acts. Consumers are being asked to sign petitions. Approximately 33,000 signatures would be required for the vote.

### Buy First, Win Later

A CONTEST IN REVERSE made sales records recently for members of the Hartford Electric League. During the two months the contest was on, customers bought electric appliances first, won them later, by writing prize-winning statements after they had used them.

Altogether, 18 big and 52 small appliances were given away. Publicity for the campaign was drummed up by 15-minute radio programs, three times a week, and newspaper ads with pictures of winners.

### P.S.

FIRST ADVERTISING AGENCY reporting installation of complete television studios and audition rooms is Biow Company, of New York. The agency is developing a creative department, of writers, directors, and engineers, to blend eye and ear appeal. Test programs will be prepared on the principle that television programs ought to be able to stand alone as ear entertainment even if the screen cannot be seen. . . . SUBWAY NEWSSTANDS in Philadelphia are selling 10¢ sizes of such drug and cosmetic items as tooth paste, hair tonic, soap, adhesives, skin lotion, and face creams. . . . NEWEST of the currently popular combination promotions is the offer of the new "Gem Clog-Pruf" razor and a tube of Barbasol soap. Starting May 15, American Safety Razor Co. will promote the deal with ads in 300 newspapers, and Barbasol will do its share with spot radio. . . . FIRST OF JUNE, Liggett Drug Co. will open a new drug store in New York which will drop merchandise lines which the company feels are alien to the drug store. The chain has been experimenting, in a number of its stores, with the elimination of such lines as glassware, books, and toys. The result has been no loss in volume, for officials say that they are able to do a better job of merchandising "real" drug store items.

## INDUSTRY SPEAKS FOR ITSELF

*"Our Group Plan enables our employees to purchase insurance at nominal cost, and in amounts most of them could not otherwise afford."*

*"The elimination of medical examination permits employees who might be physically disqualified for other insurance to participate. Knowledge that the family will be provided for gives a feeling of security that is reflected in increased efficiency. We know that this plan helps to develop and maintain a spirit of loyalty and cooperation."*

THE COMMERCIAL NATIONAL BANK AND TRUST COMPANY of New York



**B**ecause an employee wears a white collar instead of overalls . . . because he works with a pencil instead of a wrench, he is no less dependent upon some practical method of providing security for himself and for his family.

And in clerical organizations, just as in industry, few employees can work out this security for themselves independently, but must depend upon their employers to make available the advantage of mass buying of the necessary protection.

Connecticut General's "Protected Pay Envelope" plan, used as a supplement to existing Social Security benefits, is a sound, practical, business-like method of providing financial protection for employees against the hazards of accident, sickness, death and old age.

What this flexible plan is contributing to better employer-employee relations for other organizations, and how it can fit into your own picture, is told in our booklet, "The Protected Pay Envelope." This book and another, covering the amended Social Security Act effective Jan. 1, 1940, will be sent to you on request.

## Connecticut General Life Insurance Company

Hartford, Connecticut

THE PROTECTED PAY ENVELOPE



Life, accident, sickness insurance, annuities, and all group lines

## THEY DON'T PASS HATS ANY MORE

Group Insurance is putting an end to emergency contributions by fellow employees for disabled workers or for the families of those who have died.

This protection is available to groups of 50 or more—without medical examination—at minimum net cost.

*Endorsed and adopted by leading employers and their workers throughout the United States and Canada.*

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Group Insurance Department



**The Prudential**  
Insurance Company of America  
Home Office, NEWARK, N. J.

## The Philharmonic Rides Again ... and Again ...



Auto radios have become so commonplace that few of us think twice about the magic that makes the world's greatest entertainers passengers with us at the turn of a knob. No matter where you go ... nor how fast ... your favorite comedian or a hundred-piece symphony is yours to invite.

Among the many electrical and radio parts that are combined to create this accepted miracle ... none is more important than the vibrator which "boosts" the electricity supplied by the car's storage battery so that it will operate a radio receiver.

Mallory is proud that in millions of auto radios ... Mallory-built Vibrators are standard original equipment. They have won this predominant leadership ... as have all Mallory products ... strictly upon the basis of performance in actual service.

**P. R. MALLORY & CO., Inc.**  
INDIANAPOLIS INDIANA

Cable Address—Pelmallo

**P. R. MALLORY & CO. Inc.**  
**MALLORY**

PARTS FOR RADIO, ELECTRICAL,  
AUTOMOTIVE AND INDUSTRIAL FIELDS

## TRANSPORTATION

### More Planes for the Atlantic?

**With Pan American handling a war rush of transatlantic passengers and mail, examiner recommends CAA approve American Export service to Rome.**

AMERICAN EXPORT AIRLINES, INC., last week moved a step nearer its ambition of establishing a mail-passenger plane service to Europe in competition with Pan American. On April 19 Examiner C. Edward Leasure, of the Civil Aeronautics Authority, recommended establishment of this second trans-Atlantic airline. Pan American's four transatlantic planes are heavily taxed at present owing to war conditions. What with the British grabbing mail from steamers right and left, Pan American offers the only undelayed and snooper-free service between this country and Europe. The Pan American's Boeings were planned for a peace-time maximum of 1,600 lbs. of mail and 24 passengers. To accept heavier mail offerings, the company has been forced to cut down on passengers many of whom have had to delay their trips. Instead of their original 1,600 lbs. of mail, the planes were by January carrying 2,300 lbs. eastward and 1,800 west. They are now flying 3,100 lbs. Europe-

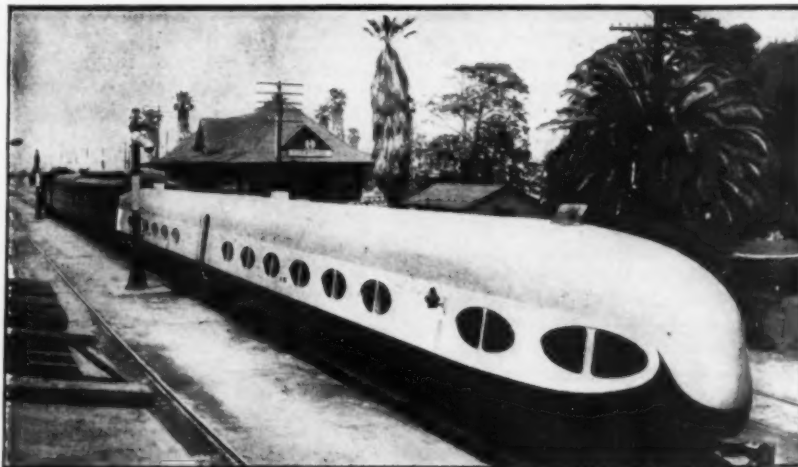
ward and 2,300 on the return. Biggest load was the first flight from New York's North Beach airport when 5,267 lbs. of mail allowed only a few passengers.

The Leasure report favored inauguration by American Export of a mail-passenger-express service from New York or Baltimore to Rome via Lisbon and Barcelona. It dismissed without prejudice American Export's original application for routes to England and France since they are ruled out by the President's neutrality proclamation. Application by the company for a temporary mail-express service to Rome via the Azores and Lisbon, with its Consolidated flying boat, was refused as not required by public convenience and necessity.

#### Friendly to Competition

Examiner Leasure said that facilities of Pan American, which strongly opposed the American Export application, are inadequate for the business available. He pointed out that Pan American "en-

### The Hill Car Has a Try-Out



The Pacific Railway Equipment Co.'s new Hill car (BW—Dec'39, p37), on order by the Santa Fe, Burlington, and Great Northern railroads, has recently been put on trial runs in California. This is the car which is hung on springs, at

points high above the body, rather than supported on springs below the center of gravity. Its sponsors claim the effect of track irregularities is reduced to a minimum; and the car "banks" on the curves, so that the passengers always feel stable.

joys a practical monopoly over ocean air travel" and asserted that even when foreign air companies begin operations, development of the service "would be accelerated by competition from an American carrier." He declared that the national defense would be furthered by such an extension of Atlantic service.

Odds on American Export's application are improved by the emphatic endorsement in the report but the battle (BW—Jan 20 '40, p. 23) isn't over yet. The CAA must pass on the Leasure recommendations. American Export hopes for a final O.K. in two months. Its executives say this would enable them to start their service in the spring of next year.

### Sikorsky Planes Chosen

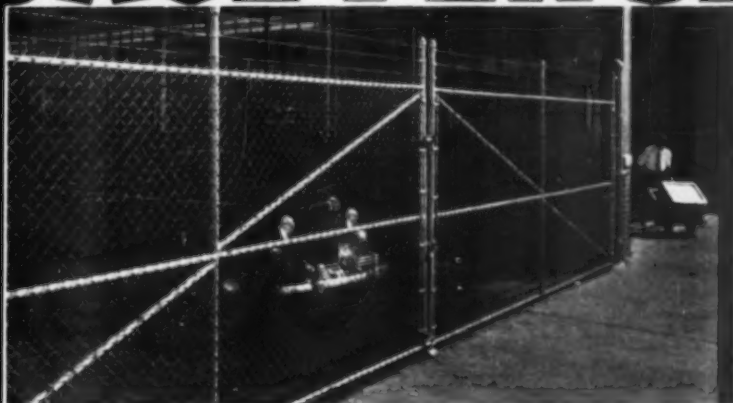
This company is a subsidiary of the American Export Lines which has operated steamers in the Mediterranean and Black Sea service for 20 years. Its air bid is a move for de luxe passenger business. In April last year Export Airlines bought a two-motor Consolidated similar to the long range Navy bomber to pioneer its proposed European service. During June and July the ship made three transatlantic round-trips. These confirmed executives in their plans for a non-stop service. (Pan American flies to Lisbon via the Azores.) For its regular service, when as and if, Export Airlines has picked the heavy four-motored Sikorsky Navy bomber S44, which will be fitted for commerce instead of war. The company has paid Sikorsky for readying necessary changes in this type. Three of the ships will be required for the Rome service. Orders are to be placed as soon as the CAA authorizes the company's application.

American Export officials claim that these planes can maintain a regular U. S.-Lisbon-Barcelona-Rome service. It has the necessary foreign landing rights (except in Lisbon), though the opposition asserts that these are revocable. American Export steamers are being equipped and personnel trained for cooperating with the planes on weather reports. Claim is that the Sikorskys can fly the route with 12 passengers, a crew of 11, 3,000 lbs. of mail at 150 miles an hour.

### For a Strong Single Line

Naturally Pan American wants to keep its grip on the European service. Its attitude is that since the British plan to start competition in June and the French in July, American interests would best be served by a single, powerful national line. There also is a feeling that 12 years of experience in sea flying should be given due consideration. Still another irritation is the fact that, while, Pan American spent \$6,343,000 before it started its regular Atlantic service (on last June 24), American Export Airlines will not have to put out heavily until its government contract (and mail subsidy) is cinched.

# PAGE FENCE



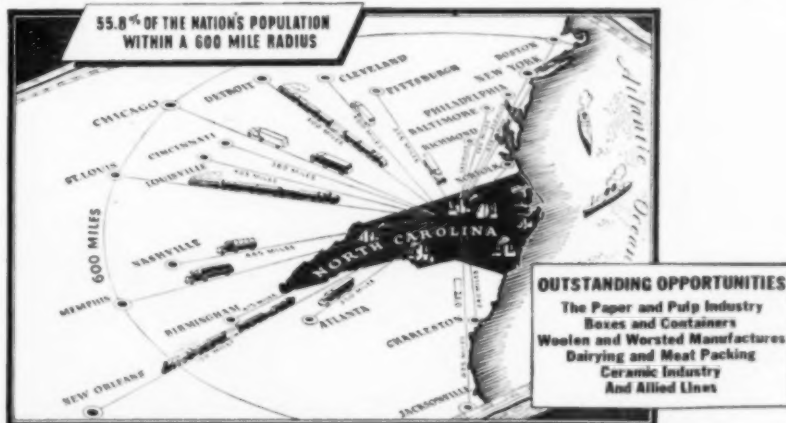
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OUTSIDE the congested areas... with all the advantages of lower production costs inherent to the South... mild climate, friendly native-born labor, abundant raw materials, plentiful power, excellent transportation facilities, constructive and fair tax structure... North Carolina affords,

in addition, swift economic transportation to America's largest consuming markets. Write today for detailed information relating to your business, prepared by competent Industrial Engineers. Address Industrial Division, New State Office Building, Room 2244, Raleigh, N.C.

# NORTH CAROLINA





# ***MANAGEMENT***



# gets

# Action!

**N**EXT TIME you hear a heavy freight roaring through the night remember this:

Those tons of goods are moving in accordance with a *plan*... a plan laid down somewhere by men of *management*.

For things do not 'just happen' in this business world of ours. There's need for judgment... decisions must be made... somebody has to *manage*. And management must get action!

Taken as a group, these decision-makers of America are perhaps the most powerful market of them all. At their finger-tips you'll find the purse strings of whole industries; make sales here, and every time you'll reap a rich reward.

Whether it be the purchase of raw materials, machinery for their manufacture, an advertising idea, or a mode of transportation... this is the group that answers Yes or No, and makes it stick.

So, it's not surprising that *their* magazine has come to share their importance.

That Business Week, out-stripped by many magazines in *number of readers*, is topped by only six in advertising volume!

## BUSINESS WEEK

*Active Management's Magazine*



**UP**... Put a yardstick to advertising figures for 1940's first quarter, and you get results like these: *Business Week* up 19% over 1939! Gained twice as many pages as any other general business magazine. And gained more pages than either of the two general news weeklies!

## FASTER OFFICE COPYING



Copies letters, reports, charts, maps, tracings, layouts, photographs, clippings, documents.

**NOW** you can get neat, accurate, facsimile photographic copies with the flip of a switch. Hunter Electro-COPYIST reproduces anything written, drawn, typed, photographed or printed. No proof-reading. Can't make a mistake. No dark room, no focusing, no skill. Anyone can operate it.

Bulletins, specifications, proposals, descriptions, diagrams, tracings, etc., taking hours to type or draw are electro-copied in a few minutes. Portable models may be taken to other departments, or to various public buildings to copy records. Stationary models do multiple and large scale photo-copying.

Let us show you how this machine meets your problems. A post card will bring a demonstrator to your office, at no obligation. Or ask for full description by mail. Write today.

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**Victoria**  
TOILET TISSUES

A new feature of the world's largest-selling 2,000 sheet roll. Also available unbleached. Sold by reliable paper merchants everywhere. Ask for samples.

VICTORIA PAPER MILLS CO., FULTON, N. Y.

## HELPING SECRETARIES DO THE GOOD JOB

Why lose time and temper on unnecessary errors and puzzling questions when it's so easy to banish them with a single book? Now in use by thousands of executives and their secretaries. This remarkable "silent assistant" assures you of the rapid, smooth-running efficiency that every executive requires.

Lois Irene Hutchinson's  
**STANDARD HANDBOOK  
FOR SECRETARIES**

This book works in two important ways; first, it actually trains secretaries in efficient, accurate, modern procedure—makes them able to take tasks off executive shoulders and handle them well; second, it answers instantly thousands of questions that arise constantly, from correct punctuation to foreign exchange. Not only covers normal stenographic work, but also many useful items relating to diplomacy, reports, legal and financial matters, communication services, etc. New revised edition; new price, only \$2.95. Send for a copy for 10 days' examination on approval today.

McGraw-Hill Book Company, Inc.  
330 W. 42nd St. New York, N. Y.

## PRODUCTION

PRODUCTS · PLANT · PROCESSES

### An Old Idea Is Latest in Heating

Radiant principle, applied by wrought iron piping laid in floors, will get commercial push. Idea tested in Pittsburgh church and Racine office building.

"RADIANT HEATING," not by fireplaces and pot-bellied stoves, but by piping laid in floors, is about to get its first big commercial push. Executives of A. M. Byers Co., Pittsburgh, got interested in this type of heating several months ago. They had watched the successful operation of one of the pioneer installations in the United States, Pittsburgh's Sacred Heart Church, and the more recent office building of S. C. Johnson & Son, Inc., of Racine. Having supplied the wrought iron pipe for both installations, the Byers men decided that they had better accumulate all the literature on the subject, and determine what radiant heating held in store for them.

Next step was to questionnaire several thousand architects, builders, engineers, industrialists, home owners, and others, on their interest, if any. Replies showed needs for radiant heating ranging from "a house to sell under \$4,000" to office buildings to "buildings used for manufacturing explosives." Upshot is the big commercial push, signalized by a not-too-technical technical booklet with a very definite Byers tie-in, "Wrought Iron for Radiant Heating Installations."

There's an old saying, "If your feet are warm, you're warm all over." Many Roman villas were heated by flame and

smoke passages under their floors. Credit, however, for modern interest in radiant heating must go to an Englishman, A. H. Barker, who in 1907 began to heat some of his countrymen by means of metal panels in the walls which were warmed by hot water. His "panel heating system," which does not reveal itself behind normal wall decorations and thus is not to be confused with American systems of wall radiators (heating by both convection and radiation) has gained wide acceptance in England. A further extension of his idea put the heating panels in the ceiling, as in the British Embassy in Washington.

#### Exploiting "Common Knowledge"

Behind the radiant heating idea lay centuries of "common knowledge." "Many people know that under brilliant sunshine one may ski or skate or sit nude and comfortable in near-zero air temperatures. More people know that on a cold day one may sit too near a closed window in a highly heated room, and the window, chilled by the outside air, will absorb enough of one's body heat to make one shiver. Reason in both cases is radiation, to or from the body" (BW—Feb 12 '38, p. 34). In other words, radiant heat always goes from a warm spot to a



This small residence, designed by Frank Lloyd Wright, will be heated by hot water, in 600 ft. of 1½-in. wrought iron pipe, laid in concrete.



These Typical Comments Tell of Industry's

# Enthusiastic Acceptance

Of Our Plans For August FACTORY, "What Industry Can Do For America"



Hundreds of enthusiastic letters of commendation have reached us since the announcement, two months ago, that the dramatic story of "What Industry Can Do For America" would be published in August FACTORY.

Shown here are a few excerpts from letters, typical of the many received, representing a broad cross section of men in industry . . . comments that emphasize the vital importance of this project.



"I DON'T KNOW of anything that could be more timely and vital to the American people than the broad presentation you intend to make on 'What Industry Can Do For America'."

"I LOOK to your August 1940 issue to give us, in vivid and useful form, not merely the answers to questions raised by propagandists, but rather an inspiring renewal of our own faith in the future of the American enterprise system."

"MCGRAW-HILL is to be congratulated for conceiving the idea of factually presenting 'What Industry Can Do For America' in August FACTORY."

"REMEMBERING the very excellent job you did in FACTORY four years ago I can assure you that everyone will look forward with keen anticipation to this issue."

"TO MY MIND, we have no more important responsibility at the present time than to inform our people on the true facts of industry and business in general."

"THE PEOPLE of America need sound, sensible leadership. Your issue will help industry give it to them."

"I'M SURE we'll be able to use profitably 'What Industry Can Do For America'. We will probably need at least fifty copies for our supervisors."

"YOU CAN BE SURE that this new project which you have set up will be deeply appreciated as a crystallization of what a great many industrialists and other thinking people have on their minds but are unable to command the resources in research to put down concisely on paper."

"YOUR ISSUE should do much toward developing a better understanding which is so vital at this time."

"WE STILL USE your August 1936 issue and I am sure we will want copies of 'What Industry Can Do For America' for all our key men."

**WRITE FOR DETAILS TODAY**—The complete details of the background and purpose of this important project are contained in the brochure "The Story of What Industry Can Do For America." At your request, we shall be glad to send you a copy, promptly, without cost or obligation.

**MCGRAW-HILL PUBLISHING COMPANY, Inc.**

330 West 42nd Street, New York, N. Y.

ABC



ABP

# WHAT'S THE MOST COMMON FORM OF waste in advertising?

**inadequate copy!**

"Ineffective" was the first term that came to mind. But we say "inadequate" copy because we know that, even though advertising does nothing more than name a product, it is still effective to some degree . . . it's still the most economical way to "keep your name before the trade." But what a pity to use only a fractional part of the selling force you're paying for!

Especially in business paper advertising.

Business paper readers really want to know everything about your product that can possibly help them in their business. The only reason they read business papers is to get business information.

Properly used, business paper advertising is about the lowest-cost selling tool in use today. Improperly used,

it can be the dearest. Space is merely a multiplier. Put 2% of salesmanship into it, with 98% of guff, and even that 2% will be multiplied by as many thousands of readers as the advertisement attracts. But put 98% of salesmanship into it, and the space will produce just 4800% more results for the self-same investment!

## HOW TO MAKE YOUR OWN ADVERTISING **ALL SALES, no guff**

A number of advertisers, who have found that it pays to tell all that the business paper readers want to know, have helped A.B.P. assemble a collection of advertisements that illustrate how this simple principle works in selling a wide variety of products. These ads form the major part of a book called "TELL ALL... A Practical Guide to Successful Business Paper Advertising." Also described in "TELL ALL" are a number of cases where advertisers using "Tell All" copy have produced the sort of proof of advertising effectiveness to which management is entitled.

If you would help your advertising manager and agency make doubly sure that your business paper advertising is free from the most common form of waste . . . *inadequate copy* . . . send for your copy of "TELL ALL."



5,000 copies asked for in 1st month; 2nd and LAST Printing at bindery now. Order yours while they last!

## The Associated Business Papers

369 Lexington Ave., N. Y. C.

LOOK FOR THE TWO HALL MARKS OF KNOWN VALUE



Highest editorial standards and publishing integrity



Proved reader interest in terms of paid circulation

The Associated Business Papers  
Room 2423, 369 Lexington Avenue  
New York City

As long as there is no obligation, I'm gambling a postage stamp on the chance of getting a good idea or two from TELL ALL. Send my copy.

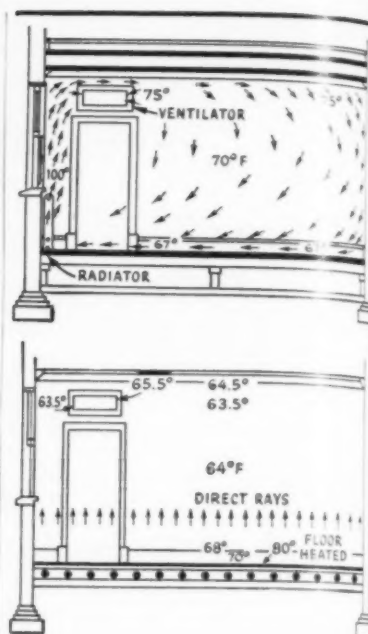
Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Street \_\_\_\_\_

City and State \_\_\_\_\_



At top is the typical temperature distribution coming from a radiator of the conventional type. The room below, with floor piped for radiant heating, gives a different picture.

cooler one—sun to human body, body to chilly window. Furthermore, the human body is a heat machine which dissipates on the average, 400 Btu. of surplus heat per hour, largely by way of the skin, by convection, radiation, conduction, and evaporation. Since radiation losses account for about 190 Btu. per hour, it is clear that heated wall and ceiling panels will prevent that radiation going to them, and the human being in the room will feel warmer to that extent.

### The Direct Wright Method

Just which Americans first twisted the British idea from warm walls to warm floors will probably not be established. The architectural firm of Carlton Strong and Kaiser, Neil & Reid designed the Pittsburgh church. Frank Lloyd Wright designed the Johnson job. Since he has also installed floor heating in a good many residences, the name of Wright is likely to come up in any conversation on the subject. His method, which is nothing if not direct, consists in laying large coils of wrought iron pipe with welded joints on a layer of gravel and then pouring concrete right over the pipes. Hot water flowing through the pipes produces a floor temperature of 80-85 deg. F., calculated to produce an air temperature of about 65 deg. Since the floor's radiant heat does not permit absorption of a human body's radiant heat, the human feels warm and comfortable in an atmosphere of that temperature.

Precise cost data on radiant heating are not available, but Architectural

Forum said in January, 1939: "Economically, it is said to save one-third on fuel and in some cases to reduce the first cost of the heating plant." Said Mr. Barker, of his panel heating system, eight years ago in *Heating, Piping & Air Conditioning* (March, 1932): "In England radiant heating is regarded by many as superior to convection heating for five principal reasons: (1) It is more comfortable. (2) It is hygienically superior. (3) It reduces the fuel consumption. (4) The heating surface is either invisible or inconspicuous. (5) Comfortable conditions are rapidly reached."

The executives of A. M. Byers Co. are "taking no sides on the question of which is the most efficient method," but hope that the corrosion resistance of their wrought iron pipe is going to be a prime factor in their securing a big slice of radiant heating business.

## Oil to Be Homemade

**Group will license farmers and vintners to employ new biochemical extraction process.**

WESTERN GROWERS of oil-bearing agricultural products learned with interest last week that a group of Californians headed by Milton W. Dobzensky, of Oakland, was organizing to develop commercially a bio-chemical process for extracting oil from such sources as cotton-seed, flax-seed, grape-seed, fish, and coconuts.

Sponsors claim the equipment necessary is so simple that farmers, vintners, and grape growers, can maintain their own extraction plants. Total installation cost of a complete unit will be something like \$3,100.

The process, which is distinct from either the solvent or pressure methods already in use or being developed (*BW—Mar 16 '40, p. 42*), was evolved by tall, blond Dr. John W. Beckman, consulting chemist, of Berkeley, a graduate of the Royal Technical University, Stockholm. Beckman recently returned from Sweden, where he was consultant to the Swedish Co-operative Union.

### New Income for Growers

Beckman's process uses bacteria (derived from brewers' malt) which disintegrates the oil cells of the oil-bearing substance, freeing the oil for extraction and leaving a residue which sponsors claim is rich in calcium lactate and amino acids and can be made into animal feed cake and conditioner. Thus, it is claimed, growers will derive income from by-products which otherwise might offer only a disposal problem.

A complete plant consists of grinders (\$250), four tanks of some 6,000 gal. each (about \$750), agitators (\$500), heating equipment including boiler and piping (\$500), sludge separator (\$750), and drier (\$850). The company won't



**M**EET Hammermill's attractive detective force—the young women who spend their days sleuthing in the finishing room of the Hammermill plant. Their job is to count and catch.

They count Hammermill Bond by hand. As they count, they catch imperfect and "broken" sheets. (Mechanical devices could count, all right, but they couldn't do the slightest bit of this highly important *inspecting*.)

Every one of these counter girls gets a monthly prize added to her pay if her score for the month is "No miscounts—No

'broke' passed." In addition, even this careful checking is double-checked by sharp-eyed inspector girls who are responsible for catching any rare defect in the paper that may have escaped the trained watchfulness of the counter girls.

It's a friendly, keen-eyed competition, waged to make sure you get perfect paper. It typifies the extra care Hammermill takes to make certain that every sheet of Hammermill Bond looks like quality, feels like quality, is quality—a paper made good enough to carry the watermark: Hammermill Bond.

Interested in paper making? Send for folder "Spruce Tree to Writing Paper"—free. Write on your company letterhead to Hammermill Paper Co., Dept. W, Erie, Pa.





## UNIT HEATER MANUFACTURER INCREASES PROFIT PER UNIT

### General Wirebound Crate

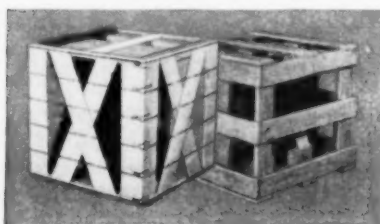
**Saves 13 lb. tare weight cuts container cost 9%**

Like hundreds of other businessmen interested in obtaining maximum return for their products, a well-known midwestern Unit heater manufacturer had the General Box Laboratory check over his packing and shipping practice. A new container was designed



The construction of the General wirebound crate saves assembly and packing time. Saves storage space.

which made packing and handling easier, faster. Important savings in freight costs were made possible by the reduction in tare weight and the container itself cost less. Full protection of the contents was assured by the General wirebound feature.



Right: Old crate, although heavier, affords less protection. Left: General wirebound crate combines light weight with ample strength.

**Manufacturers of All Types of Products** have received the money- and time-saving benefits afforded by the General Box Laboratory Service. You, too, may find a saving amounting to thousands of dollars simply by taking advantage of General Box designing facilities and manufacturing experience. Why not find out? There is no obligation.

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sell equipment, but will license Dr. Beckman's patented process.

Sponsors hope to apply the system to extraction of coconut oil in areas where coconuts are grown. Instead of importing copra (dried coconut meat) to this country in bulk for crushing and cooking here, oil would be extracted at point of

origin. The finished oil, from fresh coconuts, would be shipped in barrels or tanks with savings in transporting costs. Oil extraction authorities point out that dried coconut meat is relatively high in free fatty acid, which results in oil of higher rancidity and poorer keeping qualities than that from fresh coconuts.

## NEW PRODUCTS

### Desk Robotyper

WHEN the Robotyper Corp., 801 Point Bldg., Pittsburgh, first brought out its Robotyper (BW—Oct'37,p.40), it was



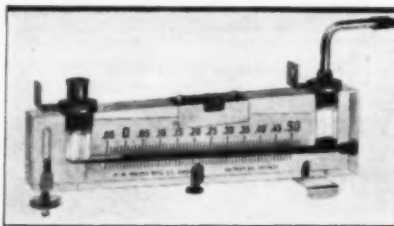
built into a special desk of its own. Now there is a new model so compact that it fits into a standard typewriter desk to type "personalized letters" automatically from perforated paper rolls. Insertions and elisions can be made at any point in a particular form letter.

### Tube-Ice Machine

TO THE MANUFACTURE of "sized ice" for milk plants, packing plants, refrigerator cars, chemical plants, etc., Henry Vogt Machine Co., Louisville, Ky., is bringing the new Vogt Automatic Tube-Ice Machine which freezes water continuously into endless 1½- or 1¾-in. cylinders and then cuts them automatically into any length desired. Freezing takes place in several vertical tubes at once by the direct action of refrigerant circulating around them.

### Plastic Draft Gage

INSTEAD OF MOLDING the passages in the Dwyer Portable Draft Gage for power plants, F. W. Dwyer Mfg. Co., 565 W.



Washington St., Chicago, drills and reams them directly into solid blocks of DuPont Lucite. Since the material is more transparent than glass, the plant

engineer can read the scale with greater ease. The company also makes a pocket CO<sub>2</sub> meter of similar construction.

### Anti-Slip Floor Paint

NEWEST PAINT to come from Truseco Laboratories, Inc., Box 69, Milwaukee Junction P. O., Detroit, is Safe-T-Step, a rubber-base formulation combined with abrasive which promises to take the slipperiness out of floors of all kinds—concrete, wood, etc.—even when wet or splashed with oil. The company points out that it may be brushed right over a sound coat of old paint and walked on the following day.

### Hydraulics for Light Loads

UTILIZING PRINCIPLES similar to those used in heavy dump truck mechanisms, Bird-White Corp., 624 S. Michigan Ave.,



Chicago, is bringing out the B-W Hydraulic Dump Hoist for ½-, 1-, and 1-ton trucks and commercial cars. The device includes two high-pressure hydraulic rams giving a maximum dumping angle of 60 deg. Dump body may be raised or lowered while the truck is in motion.

### Silver Contact Plater

SOME WHILE BACK, one of the large aircraft factories standardized on silver-plated plug connectors, fuse clips, instrument connections, etc., applying the silver during assembly with a plating brush developed by Rapid Electroplating Process, Inc., 1414 S. Wabash Ave., Chicago. Now the company is ready with a new Rapid Silver Outfit, designed especially for plating electrical contacts, but equally useful in touching up worn spots on older plating.

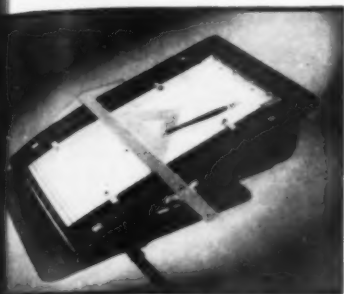
### Plastic Tubing

FOR PROTECTING electrical wiring from heat, moisture, oils, etc., Irvington Var-

and Insulator Co., 24 Argyle Terrace, Washington, N. J., is extruding a new plastic tubing, Irv-o-lite Type XTE-30. Physical characteristics include "excellent stability at all temperatures down to minus 4 deg. F.," heat resistance up to 150 deg., high dielectric strength, and resistance to oil, alcohol, acid, and alkali. The tubing comes in five standard colors and various diameters up to 1/2 in. Larger diameters on special order.

### Speed-O-Scope

SIMPLIFY the accurate tracing of curves, drawings, illustrations, and forms.



duplicate stencils, the Speed-O-Scope provides a light source, T-square, triangle, writing plate, stylus, etc. in one compact unit. Speed-O-Print Corp., 153 Michigan Ave., Chicago, makes it of black molded Bakelite with ivory and trim.

### Time-Temp" Shelf

BEST FEATURE of the new Westinghouse Roaster-Oven is the chrome-plated Time-Temp Shelf which serves dual purpose of giving correct cooking temperatures and times at a glance and of providing a utility shelf. Westinghouse Electric & Mfg. Co., Mansfield, Ohio, uses a wear-resisting decalcomania to carry the cooking information.

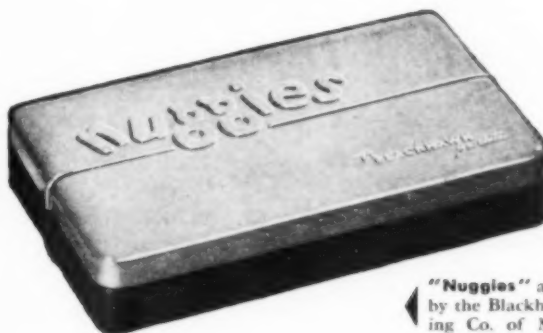
### Electromatic Formswriter

WHEN THE OPERATOR finishes writing a form on the new Electromatic Formswriter, she grasps the upright handle, pulling the forms forward and moving the carbon paper in place for the next set. International Business Machines Corp., 590 Madison Ave., New York, makes the apparatus complete with an International All-Electric Writing Machine whose motor-driven type bars assure clear carbon copies.



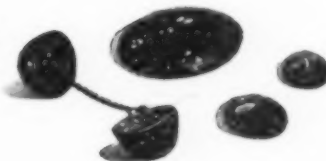
ing from Washington Var-

# Mold your sales curve with DUREZ



"Nuggies" are wrenches made by the Blackhawk Manufacturing Co. of Milwaukee, Wis., and packaged in this handsome red and black kit of molded Durez plastics. Here's tool merchandising at its modern best.

And now—costume jewelry of Durez plastics! These sparkling synthetic gems come in a rainbow of brilliant colors. Called "Coltstones," they are the practical result of years of laboratory experiment by Colt's Patent Fire Arms Mfg. Co.



The new Kadette "Topper" table radio has a Durez plastics housing that strikes a new high note in cabinet design. The set is a product of the Kadette Radio Corporation, users of Durez for midget radio cabinets for eight years.

You're looking for a sales lever that will help your product pry open reluctant pocketbooks. Here are a few successful ones that may give you an idea. All of these products were made of the same material—Durez plastics—even the synthetic jewels!

Whether yours is a product, package or process it will pay to consider the advantages of Durez. You'll find it has unlimited design possibilities, a lustrous surface that stays

beautiful, and is available in a wide range of attractive colors. You'll find, too, that Durez articles are practical from a production standpoint. They come out of the mold completely formed and finished! Write for further information or ask your molder about Durez.

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In many Wills, definite sums of money are left to specified persons or other beneficiaries, and what remains of the estate goes to dependents. If an estate must be distributed at a time when values are low, those who need help most might get little or nothing under such an arrangement. ¶ There are ways to avoid this dangerous possibility. . . . To meet conditions which you cannot now foresee, you should plan in such a way that there will be ample for your wife and children or others who have relied on you for protection. ¶ City Bank Farmers Trust Company has worked with its customers and their attorneys for many years, and it will gladly give you the benefit of its experience in working out your estate plan.

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## Nylon "Wool" Next

New du Pont patent covers "mechanical methods of crimping" yarn from basic chemical

WHILE the E. I. du Pont de Nemours & Co. stretches every nerve and spine to cooperate with hosiery manufacturers in getting nylon hose ready for sale May 15, du Pont researchers continue their drive for new applications of the chemical fiber and patents to protect them. Newest U. S. nylon patent bearing the date of April 23, 1940, covers production and processing of "crimped wool-like fiber."

Utilizing the same basic compound obtained from "coal, air, and water," J. Blanchard Miles, Jr., du Pont scientist, has worked out "mechanical methods of crimping" nylon yarn. The patent, which states that at least four crimps per inch are required to obtain a wool-like material, also covers methods of producing ten or more crimps per inch. The material is said to "approach, and may even equal, natural wool in crimp retentivity and heat insulating properties." Other properties claimed are superiority in strength and dyeing characteristics, elasticity, resistance to cleaning fluids and processes, and mothproofness.

Although production will have to await the design and erection of special manufacturing equipment, it is expected in the textile trade that the new development will speed up research and commercialization in the fields of American synthetic "wools," like National Dairy casein wool, Corn Products' corn zein wool, and the soybean wool of the laboratories of Ford Motor and General Varnish. Lanital, the casein wool made by the Italians, will probably figure largely in export until the return of European peace.

### P. S.

AIR CONDITIONING for fruit storage space: Carrier Corp. makes an installation in an apple storage plant at Norristown, Pa. B. F. Sturtevant Co. will make another in a lemon warehouse at Habra, Calif. . . . TWO YEARS of fact-finding and rewriting went into the encyclopedia new 6th edition of "Proceedings of the Arc Welding Design Practice," just published by Lincoln Electric Co., Cleveland, 1,125 pages, \$4. . . . "BULLET-RESISTANT, self-healing automobile tire tubes will be furnished by B. F. Goodrich Co., for U. S. military vehicles, plus those of certain allied foreign nations, law enforcement agencies, and armored cars. . . . HOT WATER TANKS and corrugated roofing, both of which are available in a variety of colors and finishes, are two unusual and somewhat diverse products of a new Cleveland industry, Polin Steels, Inc.



# MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

## Walter-Logan Bill Nips at SEC

**Commission's critics take heart, inasmuch as Mr. Frank and his colleagues wield just the kind of legislative and judicial power that House would curb.**

LAST WEEK the Walter-Logan bill passed the House of Representatives by a thumping majority. It aims to curb administrative powers of many New Deal agencies, and consequently the victory brought hosannas from the anti-Administration forces. But it remains for those directly affected by the rules and regulations promulgated by the various governmental bureaus to do the real cheering.

For example, a lot of people have been quirming under the orders of the Securities and Exchange Commission. The SEC is charged with enforcing, among others, the Securities Act of 1933, the Securities Exchange Act of 1934, and the Public Utility Act of 1935. Under these laws, it has issued a myriad of rules, regulations, and orders. Having thus interpreted these three acts of Congress, the commission becomes one of the agencies most directly affected if the Walter-Logan bill becomes law (and the betting in Washington is that it will unless vetoed).

### SEC's Critics Exultant

Probably there are few people who really know how much the law would help them. However, critics of the SEC freely admit that they're mighty pleased. Organizations like the Investment Bankers Association—which have a particular bone to pick with the SEC—have had their spines stiffened for the fight. Public utility executives, face to face with the vital problem of compliance with the holding company law's "death sentence," feel they have been handed a life belt. Investment trust men, fighting to win changes in an SEC-drafted bill to regulate their companies, exult in the belief that the House vote insures the fact that this session of Congress won't rush the measure through.

Behind the Walter-Logan bill is a more or less widespread feeling that many federal bureaus, possessed of quasi-judicial as well as legislative power, read things into the law which Congress had no intention of saying or implying. Sharp action is bound to arise shortly for this very reason over the SEC's steps under Section 11(b)1 of the Public Utility Act. That's the clause which embodies the so-called death sentence. Feeling ran high

back in the summer of 1935 when Congress was debating this law. Howard Hopson of Associated Gas & Electric infuriated two Congressional committees by playing hide-and-seek with their detectives; Congressmen were deluged with telegrams and letters; the Senate committee was flayed by the press for its "fishing expedition" into telegraph office files.

The Senate passed a death sentence that was a death sentence. The House three times defeated a similar clause, passed a mild bill. Conferees sweltered until, finally, they arrived at a compromise which is the present act. And its most vital clause tells the SEC to "take such action as the commission shall find necessary to limit the operations of the holding-company system . . . to a single integrated public-utility system."

That's the kind of a clause under which an agency is obliged to interpret the mind of Congress—and in August of 1935 Congress clearly was not of one mind. The SEC has proceeded slowly under Section 11(b)1; witness the fact

that it is now April of 1940. But recently it issued orders on 10 big holding company systems to show cause why they should not proceed with geographical integration (*BW—Mar 24, p7*).

Next comes the important question: How does this commission, headed by Jerome Frank and manned by Commissioners Henderson, Eicher, and Healy, interpret the death sentence? Would there be a shade of difference in that interpretation if the place just vacated by Commissioner Mathews were filled? How would it have been interpreted by the commission when Joseph P. Kennedy or James M. Landis or William O. Douglas was chairman?

### Depends on the Commission

In other words, the death sentence isn't tough if it isn't in the hands of a tough commission. But its words are vague, its latitude ample. It is perhaps an extreme example of the type of law which has given rise to the Walter-Logan bill, but it's not an isolated case.

The dozens of rulings affecting stock exchanges and underwriters of securities are well known. Equally well known is the ire of many of those who do business under these rulings and face the daily prospect of being further restricted.

One of the recent fights over SEC powers was that launched last month by the Investment Bankers Association challenging rule U-12F-2 which prescribes arm's-length dealing between underwriters and the utilities in flotation of new securities (*BW—Mar 23, p18*). The bankers insist the SEC has misinterpreted the law in arriving at this regulation. The I. B. A. asked a Congressional investigation of the SEC's administration of its laws. The New York Stock Ex-



Investment trust executives these days are telling the Senate Banking and Currency Committee why the bill to regulate their companies is

bad. Above, Charles F. Adams (left), director of Massachusetts Investors and one-time Secretary of the Navy, talks it over with Senator Tobey.

change mildly indorsed the I. B. A. stand and the National Association of Security Dealers (over-the-counter houses) also fell into line. Moreover, there has been a growing move in Congress to authorize such an investigation, and it may be precipitated by the mood which brought the big majority to the Walter-Logan bill.

The investment trusts, though they are

quite willing to submit to regulation, insist the SEC's bill is loaded with clauses leaving rules and regulations up to the commission without Congressional guidance. So they've kicked over the traces in the Senate Banking and Currency Committee hearings the last few days.

Meanwhile, all concerned are mulling over one of the facts inherent in the com-

mission system of administering law. They just learn to live with one commission and its chairman when that chairman goes on to a bigger job in or out of the government. When a new commissioner comes in, he is out to make a record for himself. The result is a new ending stream of rulings, each batch more stringent than the last.

## Stock Traders Swinging to War Issues

STOCK TRADERS can't quite make up their minds whether they want to own war babies or shares of companies that will do pretty well no matter what happens in Europe. Before the conflict spread to Scandinavia, there seemed to be a growing trend to concentrate on domestic situations which looked good. In the last couple of weeks, however, the disposition has been to buy stocks which will profit indirectly from the war.

Among these latter are the paper shares. The average price of a group of these stocks on April 8 was 19.7. Next day, after Norway had been invaded and it appeared that the United States would be cut off from its usual pulp imports (*BW—Apr 13 '40, p. 69*), they bounded to 22.3. Reflecting fears that Canadian supplies will be diverted to England and other markets rather than to the United States, demand for these shares has continued and the average has risen to 25.6.

### They Appreciate Situation

Shipping company shares appear to occupy a somewhat similar position. The Danish fleet has been immobilized. The Norwegian merchant marine's movements are wary and these

ships won't ply their normal routes again for some time. Other neutrals, fearing invasion, are disinclined to expose their vessels to the hazards of the sea lanes.

Net result is that United States flagships are expected to take over much of the commerce affected. Stock traders weren't quick to realize this. In fact, ship-line shares rose only from 19.2 to 19.8 on the day Norway was invaded. Full appreciation followed quickly, however, because they now stand above 25.

Speculation is not entirely limited to these indirect beneficiaries of the war. Shares of the meat-packing companies have bid for recognition as war babies. These packing-house stocks had a real boom at the outbreak of war last September. In about 10 days they shot up from an average of 12.2 to 18.3 on the hope of big export business. Sober heads counseled that Britain wouldn't need any quantity of American pork for some time and that Argentina would undersell the United States on beef. These predictions were close to the mark, and the packing shares were down to 14.9 by the end of March.

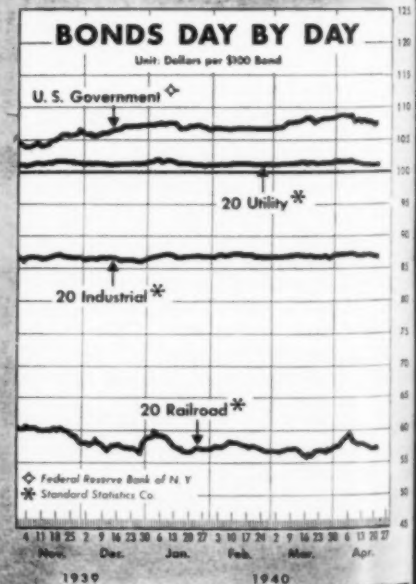
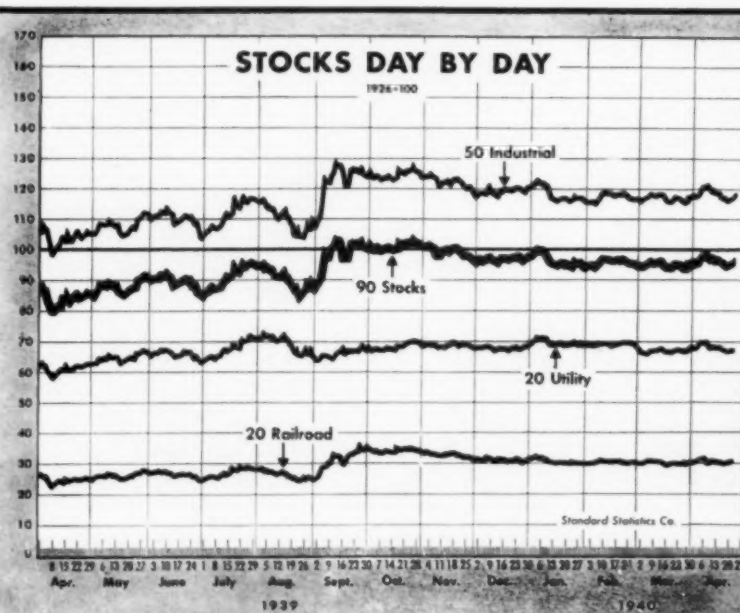
Now hopes have risen again. Eng-

land is cut off from Denmark, which normally supplies two-thirds of John Bull's precious breakfast bacon. The average price of the packing-house shares (paced by low-priced issues) is back up above 17.

### Good Time for Financing

Shares of the aircraft manufacturing companies were buoyed by immense back-logs of orders even before the invasion of Norway and they haven't been able to make much further progress. They have held near their all-time highs, however, and the airline shares have made further moderate gains to set new peaks.

Needless to say, common-stock financing looks pretty good to these airline and aircraft companies, what with their stocks at or near the best prices in history. It's a convenient time to clear up bank loans and raise capital for expansion. Many companies have taken advantage of the situation, and two more will be in the market early next month. One is Boeing Airplane, which proposes to sell 360,979 shares, worth about \$9,000,000 at present prices. The other is Eastern Air Lines, which will offer 110,909 shares worth \$4,500,000.



## Buying into Overland

**Elisha Walker and associates acquire equity in holding company that controls auto firm.**

FOR MORE THAN A YEAR, Willys-Overland Motors, Inc., has been forging ahead in the four-cylinder automobile field under the new leadership of J. W. Frazer, president and general manager. And last week the management received a tribute when it was announced that Elisha Walker, partner in the investment banking firm of Kuhn, Loeb & Co., and associates were acquiring an interest in the company. (Price wasn't announced, but the listed market is about \$9.50 a share.)

The interest purchased by the Walker group is indirect, consisting of an equity in Empire Securities, Inc., a holding company which controls 59% of Willys-Overland common and preferred. Other large stockholders in Empire Securities include Ward M. Canaday, Willys-Overland chairman; Isabel Van Wie Willys, the first wife of the late John N. Willys, founder of the company; and George W. Ritter, vice-president of the United States Advertising Corp. and a Willys-Overland official.

President Frazer, who has been in the automobile business for more than a quarter of a century, left the Chrysler Sales Corp. to direct the affairs of Willys-Overland. He did so, he says, because he "wanted to tackle a hard job." Last year, the company turned out 17,000 cars; this year, it hopes for 40,000.

In December, the company turned up with a slim net income of \$36,291—but it was the first splash of black ink in a long time and it was welcome.

## COMMODITIES

### Hogs Looking Up

**Farmers benefit as changed character of the war is reflected in increased pork prices.**

IN A COUNTRY which sends more than a billion dollars' worth of hogs to slaughter in an average year, a rise of \$1.50 a cwt. means nearly \$275,000,000 in farmers' pockets. And that's just the boon which has been dropped in hog raisers' laps in the last fortnight.

When Germany invaded Denmark, the market for pork and pork products in this country was in the doldrums. Exports took a brief spurt late last year and early this, but when Canada clamped down on its takings the market in this country was glutted. Prices had gone down steadily from last September's high above \$9 a cwt. to a six-year low of about \$5. But when England was cut off from its principal supply—Den-

mark annually has sold Britain upwards of 400,000,000 lb. of cured pork or about two-thirds of the United Kingdom's requirements—things looked up at once in this country.

Shares of the big packing houses bounced on the stock exchanges. Lard turned strong despite unprecedented stocks in storage. The price of pigs spurted notwithstanding the fact that runs to slaughter have been very large for months and that pork products in storage, at 654,000,000 lb., are 25% higher than a year ago.

### The Old "Corn-Hog Ratio"

The hog market in this country has been out of kilter much of the time since the droughts of 1934 and 1936. The pig population was greatly reduced during those years because the corn to fatten them was too dear to buy. Gradually the number of hogs on farms was built up again, and then in 1938 farmers encountered exceptionally cheap corn prices at a time when pigs were fairly high. Next thing, they up and grew 84,000,000 pigs in 1939. That was 18% more than in 1938 and, on Jan. 1 of this year, the number of hogs on farms had risen to 58,000,000, the highest level in years.

With an oversupply of pigs, all of them nice and fat, hog prices began to dip late last year. Meanwhile, corn had gone up substantially, and pig feeders were squeezed on the time-honored "corn-hog ratio."

It cost too much to feed, so they

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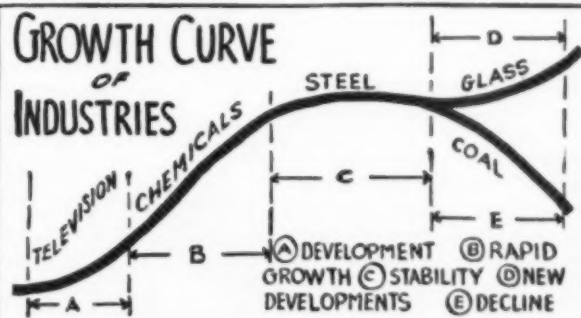
WHERE'LL WE STAY IN ST. LOUIS?



### GETTING THINGS DONE IN BUSINESS

is easier with the aid of the book of that name, by Everett B. Wilson (\$2.50). Gives detailed directions for getting employees to do their jobs as management thinks they should be done. Send for a copy for 10 days' examination on approval. McGraw-Hill Book Co., Inc., 330 W. 42nd St., N. Y. C.

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sold unusual numbers through the winter. Pigs too young to market last winter have been coming to slaughter recently (a little ahead of time) and, due to the price of corn, they are lean. Moreover, farmers decided some months ago not to raise as many pigs this spring as last, so they sold sows for slaughter and the outlook is for smaller marketings next autumn.

Meanwhile, lard stocks had risen to the all-time record of 269,000,000 lb. on Apr. 1, more than double the average for that date from 1934 to 1939. Lard prices naturally were low. They were sufficiently depressed, in fact, so that lard was hanging onto the coattails of other edible fats and oils which showed every sign of wanting to go up a bit.

But, as noted, all this was before the invasion of Denmark. The picture now is materially changed.

#### Outlook Encourages Market

Canada has contracted to ship 290,000,000 lb. of bacon to England in the year ending Oct. 31, next. That's more than Canada produces, so the United States was supplying fairly large quantities of fresh pork to the Dominion up until the end of last February. Then, however, Canada imposed a quota of 1,627,000 lb. of fresh and frozen pork a month.

It is known that England has large supplies of cured pork in storage. Therefore, it is generally anticipated that the cutting off of the Danish supply will not have any immediate effect on the export position of the United States.

However, improvement in prices for hogs and lard—accompanied by firmer quotations for other edible oils like cottonseed oil—probably isn't based entirely on expectations that England will call on the United States for pork and pork products at some time in the future. That prospect exists, of course, but the influence which has motivated the markets comes from the changed character of the war. The tendency is to figure that almost anything can happen and that whatever does happen will make for better things for the hog raisers.

Everything considered, farmers may wish shortly that they hadn't sent so many sows to the packing houses early this year.

#### Lead Shipments Rise

PRODUCERS OF LEAD made a moderately better showing last month. Production expanded to 48,400 tons against 43,317 in February while shipments increased to 46,353 tons against 39,176 in February and stocks on hand increased a mere 2,034 tons to 74,692. March shipments brought first quarter deliveries to 125,404 tons against 115,481 tons last year; the trade believes the figure would have been higher had not consumers been drawing down their supplies.

## BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

### Britain Finances War by Borrowing

**Taxes will draw blood as never before, but receipts will account for less than half of total expenditures budgeted for current fiscal year.**

THE FINANCIAL BURDEN shouldered by Britain in the present war was measured in grim statistics Tuesday when Sir John Simon, Chancellor of the Exchequer, revealed in the House of Commons the budget for the fiscal year ending March 31, 1941. Budgeted expenditures of all kinds for the 12 months were £2,667,000,000 (\$10,668,000,000 at the 84 official rate of exchange). He proposed tax raises to meet £1,234,000,000 of this. The remaining £1,433,000,000 would have to be borrowed. It was assumed that interest would not exceed the 3% rate already established.

New taxes will draw blood. While the base income tax rate of 7½ shillings (or 37½%) on the pound remains as established in the emergency war budget, the surtax will apply on earnings exceeding £1,500 annually compared to £2,000 previously. Surtaxes run to 17 shillings per pound in the highest brackets. This makes a tax of 85%.

The poor are socked in due proportion. Effective April 24, tobacco duty will be raised 4 shillings per pound, the spirits duty increased 15 shillings per proof gal-

lon. There is a tax boost of 1 penny a pint on beer. On matches the tax is raised to 4 shillings 2 pence per gross of boxes containing 20 to 50. Letter postal rates are hiked from 1½ pence, for two ounces, to 2½ pence. (There is no change in air mail rates.) Inland telephones (government-owned) must pay a 15% increase in charges.

Also unveiled was a new "purchase tax," which will be a percentage on the wholesale price, but will not apply to food, drink, fuel, or items already heavily taxed (such as tobacco). Rate of this tax and the date of its inauguration are yet to be determined.

#### Asks Dividend Limitation

Chancellor Simon proposed to limit the dividends of companies during the war and to prohibit the issue of bonus shares. Companies won't be allowed to distribute common dividends larger than those in any of the three pre-war years. Maximum payments of 4% will be allowed companies previously unable to earn dividends.

Special legislation will be imposed to

### Shouting It from the Mountain Tops



Martin Sheridan from Hotel & Tour

In Mexico they believe it pays to advertise in a big way. This is an ad for a Goodrich Mexican-owned tire, on a mountain just a couple of miles

out of Mexico City. The advertiser simply cleared the brush on the top to shape his letters, then covered the rocks with white paint.

assist foreign trade (and combat the alarming preponderance of imports) by improving conditions under which exporters receive remissions of duties (drawbacks). The margin of preference on Empire-produced sugar will remain until August, 1942.

Taxpayers took what comfort they could from the revelation that war expenditures to April 1 were £116,127,000 under the £1,933,000,000 estimated in the emergency budget. Moreover, the 1939-1940 revenue estimate of £995,000,000 had been exceeded by £54,000,000. Borrowings for the past year were £768,000,000. Britain's national debt on March 31 was £8,931,000,000 (equal to \$35,724,000,000).

Sir John reported £100,000,000 in hand for the new fiscal year. A change in financing was indicated when he said that, lacking "the usual budget material . . . we are forced to seek authority by a succession of votes of credit." First of these was for £700,000,000.

## Tokyo Barter Moves

**Japanese representatives in Latin America to follow up agreements with three countries.**

TOKYO (*Business Week Bureau*)—Out after the Latin American customers, Japan has concluded barter agreements with Uruguay, Argentina, and, more recently, with Colombia. The agreements cover minuscule quantities of goods when compared with United States' trade with the same countries, but the Tokyo Foreign Office has a lot of enthusiasm.

Its latest move is to call a meeting of Japanese diplomatic and consular representatives in Central and South America. Sometime in May they will convene in either Buenos Aires or Rio de Janeiro to map out a plan of action. Representative of the Foreign Office will be Sotomatsu Kato.

The Colombian barter pact is expected to increase total trade between the two countries from around \$300,000 a year to \$1,800,000. Japan will sell \$1,350,000 worth of goods to Colombia annually, but take only \$450,000 worth of goods from the Latin American republic. Japanese purchases will mainly be hides, leather, and coffee. The important exports to Colombia will be rayon and cotton textiles.

### Aim at Spanish Raw Materials

Meanwhile, a Spanish government mission is due in Tokyo to discuss the details of a Spanish-Japanese trade accord calling for the exchange of "mutually necessary" materials. Last year, Japan imported goods worth \$620,000 from Spain, but exported only \$7,100 worth.

Japan's imports from Spain have been confined, and are likely to remain so, to two important strategic raw materials:

quicksilver (for shell detonators) and cork bark (for life belts, target-ship fillers, and insulating boards). Since Spain need not worry about markets for either of them—Madrid has a virtual monopoly on quicksilver since Italy, the other important producer, clamped restrictions on exports—Japan probably offered attractive items in return, possibly electrical equipment, arms, and ammunition, if not indeed obsolete warships.

## Soviet Dickers Again

**Trade overtures to British reported in offing, but transport lack makes issue rather academic.**

MOSCOW (*Cable*)—Russian trade negotiations are suddenly operating on a wide front. The Soviet foreign office is preparing to make overtures to England. Soon to be launched are talks with Yugoslavia. Conferences with Japanese delegates are reported to be continuing this week, spurred on by war clouds in the Southern Pacific. Earlier announcements had indicated a rupture between Tokyo and Moscow when Shikao Matsusima, leader of the Japanese mission, left for home the first part of the month. But Japanese circles in Moscow have been much more optimistic over the possibility of a satisfactory conclusion to the trade talks since Ambassador Togo's talk with Molotov last weekend.

### How Will Nazi Pact Be Affected?

Great Britain has held first place in the Soviet Union's foreign trade roster, particularly as a buyer, for many years. With the possibility of a new agreement, two considerations stand out: (1) The future of the far-reaching Soviet-German trade agreement and "friendship" pact which was aimed to raise trade turnover between the two countries to the 1931 peak—when Russian imports from the Reich were six times larger than from England, though Soviet exports to Germany were only half the size of those to Britain. (2) The embarrassment of British blockade policy to Berlin-friendly Russia.

While the Soviet Union is able and willing to exchange timber and perhaps other raw materials for rubber, tin, and machinery, London might easily request petroleum and manganese in order to keep them from reaching Germany.

The limitations of Russian transport facilities will qualify all trade negotiations. As a result of naval operations in Scandinavian waters, both Leningrad and recently acquired Vyborg, the two most important Northern ports open to Russia, are still unable to handle commercial traffic. Murmansk is not available as yet either and the Black Sea route alone remains as the only satisfactory channel open for any forthcoming British or Yugoslavian trade.

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## Reich Tightens Belt

**Its southeastern economic flank remains prime concern as rationing cuts diet further.**

BERLIN (Cable)—While the fight for strategical positions dominating the transport of Swedish iron ore continues in northern Norway, Berlin's attention to Germany's southeastern economic flank, which is under pressure from the Allies, is not on the wane. Three major recent developments have been followed with particular interest:

(1) Official satisfaction has been expressed with the extraordinary measures all Danubian border states have taken to prevent "British sabotage" on the Danube.

(2) Some anxiety has been felt over the bad reports on Balkan winter crops and the sharp advance in grain prices in Rumania and Yugoslavia. The shortage is being blamed on "Brito-Jewish agents," who are credited in German sources with having cornered the market, but the fact that Yugoslavia is already importing Hungarian corn in order to meet a domestic deficit is regarded as a disquieting omen.

### War Measures vs. "Nature"

(3) The initial steps of the newly-formed English commercial corporation toward buying up local products in the Balkans have been closely followed. Using an ironical tone, the German press doubts England's ability to interfere seriously with the "natural gravitation" of Balkan markets to Germany—quite a different attitude from that expressed over the corn shortage.

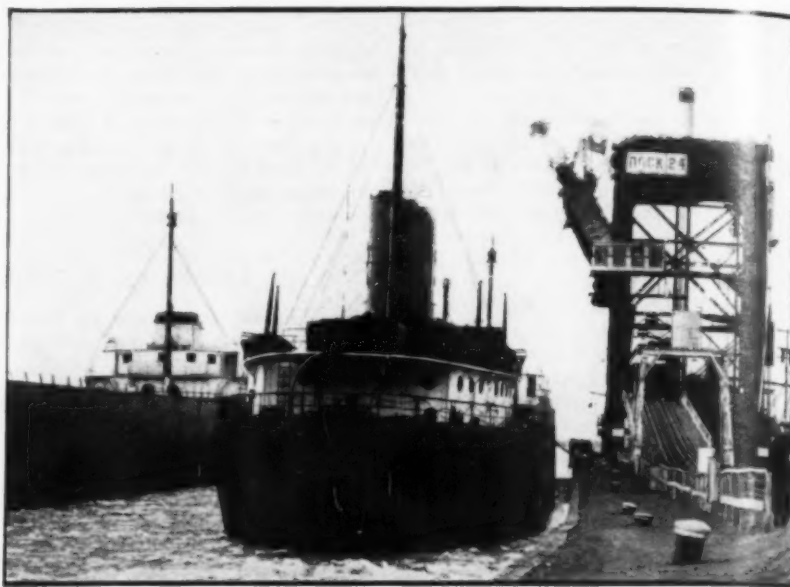
Introduction this week of virtual rationing of potatoes in Berlin and the other large cities comes as quite a shock, since it follows optimistic assurances of no shortage. Apparently winter damage has turned out to be greater than originally estimated. The ration of four pounds of potatoes per week per person, means a curtailment by one-third of working-class consumption.

### Interest Systematically Lowered

Pastry, heretofore freely purchased, has also been rationed. The Food Minister's order announcing the restriction pointed out that Reich health authorities have recently protested against the dangerous use of unhealthy substitutes in delicacies.

The feature of Walther Funk's address to the Reichsbank's annual meeting was that the recent reduction in the official bank rate is only the first step toward a systematic lowering of interest rates. Attempts to reduce the cost of war borrowing so far have met with complete success and the government is now able to borrow at almost 1% cheaper than at the beginning of the war.

## Coal for Canada



This was a sure sign of spring in Cleveland last week—a steamer loading coal to be carried to a Canadian port on the Great Lakes. More than 53,000 freight cars, containing 2,750,000 tons of coal, jammed Lake Erie ports this year, waiting on side

tracks for the formal opening of navigation on the icebound Great Lakes—which is traditionally the 15th of April, when insurance rates apply. The coal, destined for Canada, may be headed for England and France, via the Dominion.

## WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

## Allies Placing Big Plane Contracts

**Buying wave follows release of five new military models by U. S., but figures are withheld. Work will be subcontracted among manufacturers.**

IN ONE OF HIS RARE press conferences, Arthur B. Purvis, chief of the Anglo-French Purchasing Board in the United States, has admitted that the Allies are placing huge new contracts with aircraft manufacturers following the release last week of five late model military planes for export by the U. S. government.

As the Allied buying representatives are still placing orders and the "whole matter has not reached a final stage," spokesmen for the Allies refuse to release any figures. But it is admitted that contracts already signed cover Curtiss-Wright P-40D pursuit ships and Douglas attack bombers.

Guesses as to the size of these orders range from \$120,000,000 to \$200,000,000, with many experts inclined to favor the

higher figure. Consolidated and Boeing, both well-known builders of big planes, are expected to subcontract part of the Douglas order while North American helps out Curtiss.

When contracts have been placed for the other released types, two pursuit models and one bomber of advanced design, the total order will be considerably larger and will represent the degree to which the Allies have been able to effect the \$1,000,000,000 airplane procurement program they announced almost two months ago.

In return for shouldering the development and tooling costs for new models, the French and British have achieved the goals implicit in their big buying plan: (1) That they be allowed to buy



the most advanced models; (2) that models will be standardized in order to lend themselves to mass production; (3) that parts work will be subcontracted among the manufacturers.

To offset current interpretations of the Allied orders as the "largest on record," it is well to remember that when the United States entered the World War Congress voted more than \$600,000,000 in one appropriation for airplanes.

## Wings for Scandinavia

Orders for more than 413 planes placed in U. S. by Norway and Sweden since last summer.

By SHUTTling between Washington and his New York hotel, Bernt Balchen, famous for his polar and transatlantic flights with Rear Admiral Byrd, manages to keep up with his job as an adviser to plane-buying Norwegians.

In front of Republic Aviation Corp. hangars at Farmingdale, Long Island, crated EP-1 pursuit planes technically delivered to Sweden are piling up.

The little known fact is that Scandinavia had become a significant purchaser of American aircraft between last summer and the beginning of the Germans' northern invasion two weeks ago. Switching from German Heinkels, English Bristol Fighters, and Italian Savoia-Marchettis and Breda seaplanes, the Norwegians and Swedes sent purchasing missions to the United States. Orders for more than 413 planes—worth an estimated \$30,000,000—have been placed with seven manufacturers.

Swedish contracts have been a big break for Republic, which until last fall was the Seversky Aircraft Corp. Since last May, Republic's personnel has been increased from 173 to 1,700. This week a new two-seater Republic bomber built to Swedish specifications was test-flown. Orders for 24 have been placed.

Besides the bombers, Sweden has bought 134 pursuits from Republic. They are single-seaters equipped with Pratt & Whitney Twin Wasp engines and guaranteed to have a high speed of 315 m.p.h. and a cruising range of 1,100 mi.

### Plant Will Speed Output

Total Swedish orders at Republic had reached about \$9,000,000 on the eve of the Scandinavian *Blitzkrieg*. The plant produces 15 planes a month now, is expected to step up its pace to one a day by midsummer. Approximately 40 of the pursuit planes have been delivered; 10 were in mid-ocean when the Germans invaded Norway and have been returned to the United States to wait clear passage. Swedish military officers accept completed planes at Farmingdale and arrange shipment. Republic representatives in Sweden supervise final assembly.

Anxious to speed up their armament

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As usual, wherever progressive policies of manufacturing and merchandising prevail, it's natural to find progressive standards of selection applied to everything else from raw materials to steam generating equipment. In this respect, the Celluloid Corporation is no exception. Since the early days of the plastic revolution, the manufacturers of "Lumarith" have relied on C-E Steam Generating Equipment. 1937 saw the installation of two C-E units each with a capacity of 55,000 lb of steam per hr.

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## Business Week

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program, the Swedish buying commission early in February placed a \$9,000,000 order for 144 pursuit planes with Vultee Aircraft, Inc., at Downey, Calif. The model bought was the Vultee Vanguard, which has a Pratt & Whitney engine and performance ratings similar to those for the Republic pursuit. Orders for spare engines were placed with Pratt & Whitney and two Beechcraft ambulance planes were purchased, one of which has been delivered.

As yet Balchen and his fellow members of the Norwegian Air Commission have received no new official orders and are proceeding with their original plans which call for Curtiss pursuits, Douglas and Northrup bombers. The Curtiss contract is understood to call for 69 planes. Official German dispatches state that 20 of these ships were seized while still lying crated on the docks at Bergen.

### THE WAR WEEK IN BUSINESS

#### Scandinavian Shipping Moves

NORWEGIAN SHIPPING representatives and British maritime officials have reached a working agreement to put Norway's merchant fleet of around 5,000,000 tons back in commercial service. Surprise rulings in the agreement prevent Norwegian ships from entering ports in Chile, Mexico, Cuba, and the possessions of the Netherlands, under threat of seizure by Allied warships.

No official explanation of the quarantines was given. Informed sources point out, however, that some of the forbidden countries might be sympathetic to German legal representations to gain control of Norwegian ships within reach; also that one of the countries occupies an unsettled position in Europe and might be the victim of future German military action. Norwegian tankers have been barred from Portugal, Greece, Siam, Japan, China, and Manchukuo.

Under special dispensations, two Danish motorships, one in Yokohama, the other on the West Coast, lifted their anchors late this week for commercial voyages in the Pacific. But the rest of Denmark's 1,200,000-ton fleet is tied up. Boats not in Danish ports are under supervision of the Danish Shipping Committee, 26 Broadway, New York.

#### British Carbide Plants?

BECAUSE IN 1938 Norway supplied 64% of the total British calcium carbide imports (66,000 tons), interest in building domestic plants has been renewed since the Scandinavian fight cut off northern shipments. Pre-war plans for British plants had been defeated, generally by local opposition, despite the fact their strategic importance was emphasized. The source of acetylene gas, carbide is essential in many processes.

## THE TRADING POST

### What Price "Benefits"?

COUPLE OF WEEKS ago the *New York Times* carried in its Sunday issue an article by Arnaldo Cortesi from Mexico City. It was about the attitude of the Mexican people toward the government and people of the United States.

But right here I just want to lift one paragraph from his survey. It is about what happened in the oil industry, which, you will remember, was expropriated by the Mexican government "for the benefit of the workers." And it deserves to be pondered by a lot of well-intentioned people who feel that "the workers" are bound to benefit from government operation and higher wage scales.

"Production," says Mr. Cortesi, "in fact, is now lower than when the foreign companies were in possession of those fields, while costs have increased about 50%. On the other hand, the workers have reaped no benefit, for although their basic pay has been increased, they are actually earning less, owing to the limitation of overtime and to the greater amount they must pay for social benefits."

### Bow to Jack London

WILEY H. MARBLE, of Worcester, Mass., writes as follows:

"The BUSINESS WEEK issue of Mar. 30, page 16, describes an interesting experiment titled 'Frank Andrews; a Circular Farmer,' but F.A. shouldn't claim all the credit. Back in 1919 Jack London published a book, 'The Little Lady of the Big House,' in which the hero evolved the thought of circular farming, as per Chap. XVI, page 186 in my edition.

"The whole book is a combination of possibly fantastic thoughts, philosophy, economics, agriculture, animal husbandry, and even love. Read the whole of it, Mr. Editor, even if it is over 20 years old. After all, Jack London didn't write much that wasn't tops; and I've read this yarn a dozen times."

Thank you, Mr. Marble. As a Jack London fan I must confess you've caught me squarely off base when you tell me he scooped our modern "circular farmer." Must look it up.

### Bigger and Better

SOME IDEA of what growth means in an American city and of how our industries keep abreast of requirements is offered by an advertisement run a few weeks ago by the Southwestern Bell Telephone Co. in the Houston newspapers.

It points out that in 1800 Houston had only 2,000 telephones, about the same number now boasted by Brenham, Tex., a town of about 6,000. In 1910, Houston was about the size of Port

Arthur and had 10,000 telephones. In 1920, there were 150,000 in Houston, served by 28,000 telephones. In those days, 20 sec. was considered good time for connecting local calls, and four central offices took care of the traffic.

Today, Houston has 107,000 telephones, connected through fourteen central offices. Service is 30% faster on the average than it was in 1920 and telephones are reported out of order only one-third as often.

Probably the same story of telephone service might be told in many other American cities, and the same point might be made—that it is not just a story of increased facilities to provide for increased population. It is also a story of better service made available by technical progress to a people with far more exacting service requirements.

And the point might also be made that nowhere else in the world, under any kind of management—public or private—has a comparable record been made.

### Battles, Bristles and Brushes

WHEN THE LONG ARM of modern warfare gets limbered up it cuts a wide swath. Consider, for example, the humble bristle—yes, the stuff you make into brushes. Look what's happened to that.

From A. H. Mohrhuse, manager of Devco & Reynolds Co.'s Brush Division, I learn that the bristle business is centered in the countries that are at war—if we can include Russia in that class.

Not only has the war in the bristle-producing countries had an effect on the supply; it has substantially upped the demand also. For, Mr. Mohrhuse assures us, "contrary to the layman's opinion, bristles are a key, or essential, material in warfare. The purchases of the French government put up bristle prices to the point where they remained abnormally high for months.

"Since then, Britain has started to buy bristle for her wartime brush requirements . . . for shaving brushes, clothes brushes, shoe-brushes, button brushes, etc. One British order amounted to 800,000 brushes. It would not take many orders like that to affect a small industry like the bristle industry . . .

"Another costly problem is the matter of square miles . . . It costs a great deal of money to gather bristle, particularly as people go deeper and deeper into the interior of China for it."

The net of all this—and a lot of other factors cited by Mr. Mohrhuse that we can't go into in this space—is that painting contractors and dealers who want to be sure of having brushes at right prices had better be thinking about getting them right now. **W.T.C.**

**...h**aving this  
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enables me to  
place orders for  
materials before  
prices advance."

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**manager**  
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# BUSINESS WEEK

*With Which Is Combined The Magazine of Business*

April 27, 1940

## No Competition in Steel?

BY NO MEANS does the \$4 drop in sheet and strip quotations prove that steel is a highly competitive industry in which the producers fight one another tooth and nail by cutting prices. At the same time it does put a serious dent in the numerous contentions that the steel industry is a vast price monopoly, in which sellers fix prices by tacit and other kinds of understanding and have things their own way.

In recent years, it has become rather clear that, in dealing with automobile manufacturers, the steel makers do not have things the way they would like to have them. Every time the automobile manufacturers send out feelers, hot- and cold-rolled sheet and strip prices have a way of "giving." And steel men are the first to proclaim that automobile purchasing agents are getting away with the old so-and-so's-doing-it gag (*BW*—April 20 '40, p. 15). Of course, not all consumers of steel are in quite as fine a bargaining position as the automobile manufacturers. When the motor men bargain with the steel men, it's a case of one big, concentrated industry against another big, concentrated industry. But even that does not rule out steel as a competitive industry.

CHIEF ARGUMENT used to prove that steel companies don't compete with one another is that they use the basing-point system of pricing; that they sell only on a delivered (as against an f.o.b.) price; and that their prices at a given delivery point are always identical. And, with identical prices at identical places, how can steel be competitive? That's the question the Federal Trade Commission has been raising for years. The Commission contends that "the steel industry should be prevented from continuing to restrain price competition through use of the basing-point system or through any equivalent method."

An identical price structure, however, does not—in and of itself—denote absence of competition. And that's the important point to bear in mind.

In the steel industry, there are about a dozen major producers. Each producer deals with hundreds of customers. Each of these customers generally buys from more than one steel company or jobber; moreover, these customers usually buy and sell manufactured products to one another, and exchange information. Thus, because there are so few sellers of steel, customers can keep track of the steel companies and the steel companies can keep track of one another. So, pricewise, the industry is covered with grapevines. A seller out of line on the high side of the steel market simply isn't in the market!

For steel is not like the textile industry, in which there are thousands of buyers and sellers, and dozens of grades of fabric. In such an industry, differentials in price constitute the main basis of competition. But in the steel industry, even the lowest-cost producer cannot reduce prices and expect increased business. He cannot assume that by cutting prices, he will enlarge his own market at the expense of other producers. He cannot take full advantage of his low-cost production. If he cuts prices, every other producer will cut prices. Therefore, he must elect to (1) sell at the going price, and reap as large a margin of profit as possible, or (2) shade prices, suffer immediate retaliation, and realize little or no benefit. And that explains why the steel industry has identical prices and accepts the leadership of United States Steel Corp. in setting prices. But in this instance "price leadership" is not to be construed as synonymous with "no competition."

IN STEEL, competition lies not in the price the consumer pays but in what the producer gets for his product. Though prices are identical at destination, steel companies do not realize identical net prices. If United States Steel wants to sell sheets in New York city it has to sell at Bethlehem's price; it has to absorb freight, or it's locked out of the market. Similarly, Bethlehem has to meet U. S. Steel's price at Chicago and both have to be ready to meet National's quotations in Detroit.

Thus, the competition in the steel industry is not in the price structure that meets the eye, not in the posted prices, but in what steel men call their "mill nets"—delivered prices less cost of freight. And maybe they don't go around cutting one another's throats in the steel industry. But one does not customarily find steel salesmen putting on an Alphonse and Gaston act in a buyer's doorway.

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